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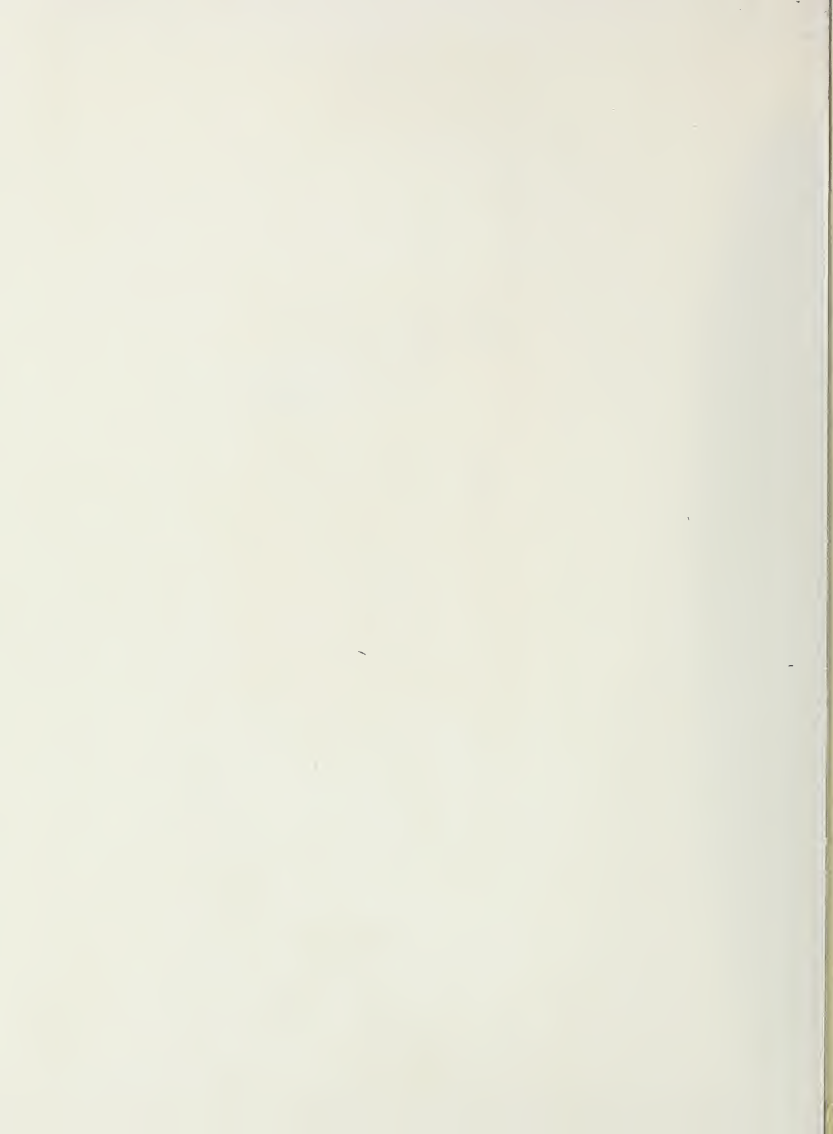
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Conceptual Overview
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**Financial Information
and Resources Management
(FIRM) System**

City and County of San Francisco

M. Magr

**PRELIMINARY
DISCUSSION
DRAFT**



Peat, Marwick, Mitchell & Co.

June 1977

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

601 CALIFORNIA STREET

SAN FRANCISCO, CALIFORNIA 94108

June 3, 1977

Financial Information and
Resources Management (FIRM) System
Project Steering Committee
City and County of San Francisco
City Hall
San Francisco, California 94102

DISCUSSION
DRAFT

Attention: Mr. Rudolf Nothenberg, Chairman

Gentlemen:

PMM&Co. is pleased to present the attached draft report entitled Conceptual Overview of the FIRM System for your review. As you know, this report represents the third deliverable of our contract to design and implement the FIRM System in the City and County of San Francisco. With the delivery of this document, we have completed Task 3 as described in the contract.

REMAINING TASKS
AND PHASE I TIMETABLE

The project team is now working within an extremely tight time frame to complete Task 4 in time to deliver the final Conceptual Overview as of July 1, 1977. During the remainder of this month, we will require the full cooperation of the Project Steering Committee in order to receive a comprehensive review of the draft. The Steering Committee represents the voice of the City in terms of assessing the design concepts expressed in this report.

To complete Phase I of this project on schedule, we ask that the Steering Committee spend the time needed during the week of June 13 to review the draft report in detail. During the week of June 20, the project team would like to meet with key members of the Steering Committee, and others as needed, to discuss the various concepts in "workshop" type meetings. We will require the week of June 27 to incorporate changes and produce the final report.

PURPOSE AND USE
OF THIS DOCUMENT

In analyzing this report the Steering Committee should recognize that the purpose of the document is to gain agreement on the scope of the project and the major design concepts of the new system. Many minor issues will be resolved, and significant refinements to the design will be achieved



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Financial Information and
Resources Management (FIRM) System
Project Steering Committee
City and County of San Francisco
June 3, 1977
Page 2

during Phase II of the project, as provided for in the project plan. While substantial detail is presented in this report to make the description comprehensive, the focus of the Steering Committee review should be on the major design features of the proposed system.

Finally, the recommendations for modifying existing procedures should be evaluated on an objective basis. In several areas we have developed significant recommendations that we believe are consistent with the objectives of the FIRM System concept and sound municipal management practices. These recommendations reflect capabilities of the FAMIS System and our extensive experience with other state and local government organizations.

This report will be used by the project team as a guidance document for further design work in Phase II.

* * * * *

We look forward to working closely with the Steering Committee in the review of this draft report.

We would also like to acknowledge the contribution to this product that has been made by the following City personnel who are members of the FIRM System project team:

- . Mr. David Fong, Project Coordinator
- . Mr. H. A. (Vic) Rosa
- . Mr. Kenneth Adams
- . Mr. Christopher Baldo

Each of these individuals made a significant contribution to this report. We appreciate their enthusiasm and dedication to the success of this project for the City and County of San Francisco.

DISCUSSION
DRAFT

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

D. G. Castle

D. G. Castle
Partner
Project Director

CITY AND COUNTY OF SAN FRANCISCO
CONCEPTUAL OVERVIEW OF THE FINANCIAL INFORMATION
RESOURCES MANAGEMENT (FIRM) SYSTEM

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I - INTRODUCTION

DISCUSSION
DRAFT

This report presents a conceptual overview of the Financial Information and Resources Management (FIRM) System that is currently being developed by the City and County of San Francisco.

PURPOSE OF THE REPORT

The purpose of the report is to provide a description of the key accounting, reporting, and data processing concepts that are proposed for the FIRM System. Taken together, these key design concepts constitute the conceptual overview of the system.

This report is an important milestone in the system development process, because the concepts presented here will guide the remainder of the system design and implementation. It is therefore important that the report receive thorough review by the project Steering Committee and other key individuals who will be the ultimate users of the system.

ORGANIZATION AND CONTENT OF THE REPORT

The report has been organized to meet the needs of City personnel at several levels in the organization with differing areas of responsibility.

Most City personnel will focus their attention on the specific areas that are within their areas of responsibility. The remainder of this section is designed to assist readers in locating the sections that should receive their primary attention.

All readers should review Section II, Overview of the FIRM System. This section presents a summary description of the FIRM System concept and the role of the Financial Accounting Management Information System (FAMIS) within it. It also describes the FIRM System project organization and timetable.

Following the overview section, eleven sections are included that describe the key design concepts in the major functional areas of the system. The first several sections discuss the resource allocation and budget development process. Next, accounting and financial management concepts are discussed. Finally, the data processing aspects of the new system are discussed.

The eleven sections, and their areas of focus, are as follows:

III - Resource Allocation Process

This section discusses the process the City utilizes to allocate scarce resources among competing demands for service. This section will be of primary interest to the Mayor, the Board of Supervisors, the Chief Administrative Officer, and their staffs.

IV - Appropriation Control Process

This section discusses the current and proposed appropriation control process, and makes several recommendations for changes in the process. It should be of primary interest to departmental representatives and others involved in the budgetary process.

V - Budget Development and Accounting Process

Section V discusses the process of developing the annual budget and accounting for and reporting costs incurred against budget. It views the budget from an organizational perspective.

VI - General Accounting Concepts

This is a lengthy section that reviews the current procedures followed by the City in the most important transaction cycles of municipal accounting, and discusses the procedures that will be followed under the new system. It should be of primary interest to the Controller and his staff.

VII - Program Accounting Concepts

This section describes the way program budgeting and accounting will be implemented by the City as part of the FIRM System. This section should be of interest to City top management and operating management in the departments.

VIII - FIRM System Reporting Concepts

Section VIII describes the "output" of the automated financial management and accounting system included in the FIRM System. In addition, it includes pro forma report layouts of the management and accounting reports that will be produced by the system. It should be of interest to the Controller's office, top management and operating management.

IX - Performance Reporting Concepts

This section describes the concept of performance reporting in general terms, then explains how it will be implemented in the City as part of the FIRM System. It also should be reviewed by top management and operating management.

X - FAMIS Processing Concepts

This is a technical data processing section that describes the file structures and key processing features of FAMIS, the computerized financial management system. It should be reviewed by all readers who are interested in details on the operation of FAMIS. It also presents an example of the processing of an accounting transaction. This discussion should be reviewed by representatives of the Controller's office.

XI - Data Processing Considerations

This section presents estimates of transaction volumes and discusses the computer hardware and software requirements of the new system. It is a technical data processing discussion written primarily for City data processing management.

XII - Role of the Present Automated Systems

Section XII reviews each of the automated systems currently operated by the City to perform the central accounting functions, and it explains which systems will be modified, replaced, or interfaced by FAMIS. This section should be reviewed by the principal users of each of the current automated systems, as well as by data processing management.

XIII - Implementation Plan

The last section presents a discussion of the implementation plan for the remaining phases of the project, with principal focus on the work to be accomplished prior to July 1, 1978. This section should be reviewed by all readers who will be involved with implementation of the new system.

Following these sections is a series of appendices that display the classification coding structure for important elements of the new system. Included are:

- A - Classification of Funds By Primary Fund and Sub-Fund
- B - Classification of Expenditures By Character, Object and Sub-Object
- C - Classification of Revenues By Source and Type
- D - Classification of Government Services By Function and Program
- E - Classification of Organization Structure By Department
- F - Example of Classification of Organization Structure By Department, Division, and Section

G - Conversion Table - Relationship of Existing Chart of Accounts to Proposed Chart of Account

H - Sample Report Formats

I - Glossary of Terms

It should be stressed that the appendices are not final. Each will require a significant amount of work in the next phase of the project. The purpose of providing these preliminary classification structures is to amplify concepts discussed in the report, and to show clearly the approach that will be followed in the new system.

SUMMARY

The material that follows presents a conceptual overview of the Financial Information and Resources Management (FIRM) System. The report will be used throughout the detail design and implementation phase as a guidance document and a point of reference for continuing discussions with City management.

II - OVERVIEW OF THE FINANCIAL INFORMATION AND RESOURCES MANAGEMENT (FIRM) SYSTEM

This section of the Conceptual Overview provides a summary description of the FIRM System. The FIRM System is a concept for improved management of the City's resources. It also includes a set of improved accounting and financial reporting procedures. A central component of the system is an automated Financial Accounting Management Information System (FAMIS) that will become operational on July 1, 1978. The FIRM System incorporates new management techniques, new procedures, and new computer systems into an over-all improved resources management system. How these various components fit together - and the timetable for their implementation - is discussed in this section.

The discussion has been organized into the following topics:

- . Background of the FIRM System
- . Organization and Timetable of the FIRM System Project
- . Management Processes Included in the FIRM System
- . The Role of FAMIS in the FIRM System

BACKGROUND OF THE FIRM SYSTEM

The need to improve the City's financial accounting and budgeting system has become increasingly important in recent years due to inflationary pressures and increased demand for services.

The City and County of San Francisco, because of the size of its annual budget, number of employees, and diversity of services, has a large number of systems to handle the substantial amount of financial data which is a necessary part of its operation.

The need to improve the financial information capability of the City is primarily attributable to budgeting and accounting requirements that are difficult, if not impossible, to attain through existing systems. Major areas within existing systems where improvements are needed are:

. Efficiency and Cost Control

To achieve maximum operational efficiency, the City's financial systems should be capable of providing managers with improved cost control information. Achievement of this objective is dependent on a financial information system that can measure on a timely basis what an organization has accomplished in terms of measurable work output and the related costs.

- Effective Resource Allocation and Program Management

Adequate financial management information is necessary to ensure effective resource allocation and program management throughout the City. This financial information is difficult to attain through the existing line-item budget.

- Cost Reimbursement

The City annually administers over \$500,000,000 in Federal and state subventions and grants. Accordingly, there is a need to accumulate costs on a systematic basis and charge those programs funded through grants and subventions for reimbursable services. This is of the utmost importance if the City is to recover from the Federal and state governments substantial indirect costs now funded from ad valorem sources.

With improved financial information, City management would be better equipped to effectively manage day-to-day operations, and City policymakers would be better equipped to make decisions regarding the allocation of scarce resources among competing demands.

Recognizing these needs, the Mayor, Board of Supervisors, and Controller embarked on a joint effort in 1976 to undertake a project to substantially improve the City's financial and resources management capability. The early stages of this project entailed several months of analysis to define the City's requirements, determine the scope of the project, select a contractor to provide consulting assistance, and to develop a FIRM System project team.

ORGANIZATION AND TIMETABLE OF THE FIRM SYSTEM PROJECT

The FIRM System is currently being designed and will be implemented by a FIRM System project team. The project team, which is administratively attached to the Mayor's office, operates from project headquarters in Room 168 in City Hall.

The project team is jointly comprised of PMM&Co. consultants and City accounting, data processing, and financial management professionals. The team reports on a daily basis to a City Project Coordinator, Mr. David Fong. The ultimate responsibility for the project rests with a City Project Steering Committee. The Steering Committee, of which Mr. Rudolph Nothenberg is Chairman, is charged with the responsibility of setting the direction of the work, making policy decisions where needed, and reviewing and monitoring progress on the project. A City Departmental Liaison Group has also been established to provide a formalized mechanism for communicating with City departments; this group is responsible for providing departmental input during the design process.

The project timetable began with three months of concentrated analysis that resulted in this report: the Conceptual Overview of the FIRM System. This report provides the blueprint for more detailed design work and implementation. During fiscal year 1977/78, the primary focus of the project team will be to install the basic automated accounting system, FAMIS, which will be the "core" of the FIRM System. In this year, a pilot installation of program budgeting and performance reporting will also occur. After the transition to FAMIS has been accomplished, the other major components of the FIRM System - program and performance budgeting, performance reporting, and productivity management - will be implemented throughout the City over a period of several years.

MANAGEMENT PROCESSES
INCLUDED IN THE
FIRM SYSTEM

The answer to the question, "What is the FIRM System?" must always begin with the statement that it is a concept for improvement of the overall management of the City resources. The FIRM System is the vehicle with which the Mayor, Board of Supervisors and Controller plan to improve the management processes of:

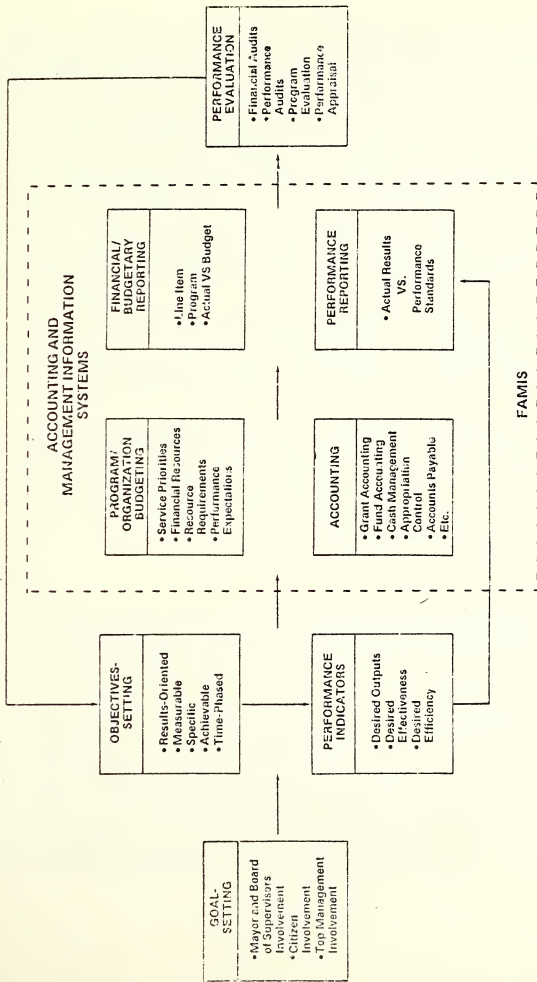
- . Goal-setting
- . Objectives-setting
- . Identification and use of performance indicators
- . Program and organizational budgeting
- . Accounting
- . Financial and budgetary reporting
- . Performance reporting
- . Performance evaluation
- . Program evaluation
- . Productivity management

Exhibit II-A shows these various management processes in a diagram that highlights their relationships. As the exhibit illustrates, the overall management process begins with a process of broad goal-setting by the City's policy-makers. These goals are then refined into specific objectives, and performance indicators are specified that allow measurement of progress against the objectives.

The four management processes shown within the dotted lines are those that accumulate and report the information required to measure the City's progress. Program and organizational budgeting is the process of translating the objectives into specific programs, and developing annual

CITY AND COUNTY OF SAN FRANCISCO

OVERVIEW OF
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
MANAGEMENT PROCESSES



budgets for both the programs and the organizations that will carry out the programs. An accounting process is required to track revenues and expenditures, monitor changes in fund balances, and perform the other accounting functions needed for sound fiscal management. The third major function in this category is the important process of reporting financial results to City managers, both on a program basis and an organizational basis. Finally, the reporting of statistical performance information allows the monitoring of results against plan, and permits productivity improvement in the operating departments. The four management processes shown within the dotted lines are those that will be directly assisted by FAMIS, the automated budgeting, accounting, and reporting system.

The final process in this series of management processes is that of performance evaluation. Through this process, top management assesses the overall results of work performed and uses this information to modify objectives for the future.

This exhibit is important because it illustrates the role of FAMIS as the "core system" within the overall FIRM System. FAMIS will support the total management process by efficiently performing the information capturing, processing and reporting that are required to make the overall system possible.

Realization of the total system will require the full support of City top management, departmental management and first-line supervisors, as well as several years of sustained effort. The broad scope of the City's project is the reason why the FIRM System must be described as a concept for improvement in the total management of City resources.

THE ROLE OF FAMIS WITHIN THE FIRM SYSTEM

As described above, FAMIS is the "core system" within the FIRM System. FAMIS has the primary responsibility for capturing, processing and reporting the information needed to perform financial accounting and to provide management with the information it needs.

FAMIS is a generalized computerized system of financial management for government and other public institutions. It supports all aspects of the financial management of government operations, integrating planning, programming and budgeting with the functions of reporting and measuring performance against standards established by a particular City division or department. FAMIS is designed to reflect both the information needs of a governmental entity such as the City and the requirements of generally accepted accounting principles as delineated by the American Institute of Certified Public Accountants (AICPA) and the National Council on Governmental Accounting publication Governmental Accounting, Auditing and Financial Reporting (GAAFR).

A major objective of the system is the development of a primary and reliable source of financial data from which managerial determinations can be made. Specifically, the intent of the system is to provide:

- Timely and comprehensive reports satisfying the operational needs of the agencies and the informational needs of top level management;
- Timely and comprehensive financial accounting reports, and supporting accounting records;
- Control of encumbrances, expenditures, and the use of funds and other resources;
- Accounting support for budget estimates, including those for operations;
- A basis for billing and recovering cost of reimbursable work;
- An audit trail, and a basis for verification of the accountability of persons administering public funds and property;
- A means of accounting for certain individual documents, such as purchase orders and vouchers payable, and
- A historical record of all financial transactions.

In its role of information processor for the FIRM System, FAMIS will accept data from a wide variety of source documents. The system will then process the data, post the proper accounting transactions and maintain the accounting "books" of the City. It will then provide reports and produce other "output" for City managers.

Exhibit II-B shows the flow of data through FAMIS in a block diagram. This diagram highlights the major sources of data, the types of documents that provide the input, the processing features, the output and the end-users of the systems information. While this diagram is a very general representation of the functions FAMIS will perform in San Francisco, it does illustrate the role FAMIS will play in the larger FIRM System.

SUMMARY

The remaining sections of this report describe in more detail the major components of the FIRM System concept, including a significant amount of information on the processing concepts embedded in FAMIS.

OVERVIEW OF FLOW OF DATA THROUGH FAMIS

SOURCES

Organizations

- departments
- vendors
- state and federal agencies
- Controller
- Mayor's Budget Office
- Board of Supervisors Budget Office

Systems

- Payroll System
- Labor Distribution System
- Retirement Medical Compensation-REM
- Water Utility Billing
- Social Service Warrants
- Budget System - CBS

INPUTS

Data

- budget preparation detail
- payroll cost data
- journal vouchers
- vouchers payable
- revenue receipts
- requests for encumbrances
- work orders
- performance output statistics
- labor distribution data
- material issues
- cash transactions

FAMIS
PROCESSINGAccounting

- appropriation control
- general ledger
- grant accounting
- project accounting
- cash management
- program accounting
- encumbrance/expenditure control
- performance accounting
- vendor warrant writing

- Budget Development
- budget compilation
- budget worksheets

OUTPUTS

Management Reports

- organizational budget reports
- budget development reports and worksheets
- program/performance reports
- project/grant reports
- summary expenditure reports

- Accounting Reports
- trial balances
- fund reports
- revenue reports
- on-line inquiry
- warrants
- appropriation control reports
- annual financial reports

System Control Reports

- file listings
- edit reports
- transaction listings

USERS

Personnel

- Citizens
- Mayor
- Board of Supervisors
- Chief Administrative Officer
- Commissioners
- Controller
- Department Heads
- Department Managers
- Department of Supervisors
- Accounting specialists

Systems

- Federal and State Information Returns-CIR
- Warrant Reconciliation - COW

III - RESOURCE ALLOCATION PROCESS

In large organizations, the process of allocating resources to accomplish certain ends should be an integral component of the management control system, described as follows:

- . Defining the major missions of the organization;
- . Specifying the key results to be achieved by the organization;
- . Analyzing and developing programs to achieve the specified key results;
- . Developing specific results - oriented objectives for each of the programs, and developing measures of performance that will indicate the level of success of a program in achieving these objectives, and then
- . Allocating resources to these programs to accomplish the stated objectives.

The process of actually allocating resources usually takes place in the budget process. However, the process of budgeting is inextricably linked to the and programming processes that precede it.

This section focuses on how the City and County of San Francisco performs the process of resource allocation. This section does not treat specifically the actual mechanics of appropriation control and budget preparation and accounting, as these are covered in Sections IV and V of this report, respectively. This section concerns itself with the overall resource allocation process in San Francisco and how the City is organized to engage in this process. As the City primarily allocates its resources through the budget process, the terms resource allocation and budget process will be used synonymously.

This section is divided into five parts: a review of the present resource allocation process; a review of roles of the key participants in the resource allocation process; a review of the problems in the present process; recommendations for improving certain portions of the process, and a review of the impact of the recommendations presented in this section.

A final caveat is important to note in reviewing this section. A major charge to the FIRM System project was that all recommendations had to be accomplished within the existing Charter; consequently, all of the recommendations herein can be accepted and implemented within the existing Charter. In fact, enhanced resource allocation in San Francisco does not necessarily require Charter revision.

REVIEW OF THE PRESENT PROCESS

The major components of the resource allocation process in San Francisco are the:

- . Statutory Provisions Governing the Process
- . Budget Calendar
- . Operating Budget Process in General
- . Development of Work Programs
- . Revenue Projection Process
- . Capital Improvement Process
- . Supplemental Budget Process

Each of these components is discussed in the following paragraphs.

Statutory Provisions

The budget process in San Francisco is guided and directed by a number of statutory provisions. These statutory provisions are contained in the City Charter, which can only be modified by a vote of the people through a Charter amendment, or the City Administrative Code, which can be modified through ordinance by the Board of Supervisors. The key Charter sections affecting the budget process are summarized below.

- . Charter Section 6.200.

This provides for the preparation and submission of budget estimates. A key item in this section is that the Controller may demand more information from the departments with respect to their budget submittals if he deems it necessary.

- . Charter Section 6.201.

This section explicitly outlines the format in which budget estimates will be submitted. It requires that the previous year's expenditures, as well as the six month actual expenditures for the current year, and a projection for the last six months of the current year be included. In addition, it requires a schedule of positions, and it allows the Mayor and CAO to request any other information from departments with respect to budgets that they deem desirable.

- Charter Section 6.202.

This section requires the preparation and submission to the Mayor, Board and Controller of a capital improvement plan that includes the coming fiscal year and the five succeeding ones.

- Charter Section 6.203.

This section enumerates the budgetary powers and duties of the Mayor. It allows him to decrease or reject any item, but he cannot increase any personal service, materials, supply or contractual services item.

- Charter Section 6.205.

This section enumerates the budgetary power and duties of the Board of Supervisors. They can decrease or reject any item, but cannot increase any item unless requested by a department through the Mayor. In addition, they can increase or insert appropriations for capital improvements.

In addition, this section allows the Board to change the dates for any budget deadline in Charter Sections 6.200, 6.202, 6.203 and 6.205 by ordinance.

- Administrative Code.

Chapter 3 of the Administrative Code contains a number of statutory provisions relating to the budget process. In this Chapter, the powers and duties of the Capital Improvement Advisory Committee (CIAC) are enumerated. Another key provision in this Chapter is the filing date for supplemental budget requests.

Budget Calendar

The budget calendar is a document that shows the dates and time frames for preparation, review and adoption of the various elements of the resource allocation process in the City and County of San Francisco.

Exhibits III-A and III-B provide summaries of the major dates and time frames for budget preparation, review and adoption. Exhibit III-A presents the operating budget dates, and Exhibit III-B presents the dates for the capital budget. In addition, dates that will be followed in 1977/78 will change and a new set of dates will become effective due to the fact the Board of Supervisors desires more time to review the budget. Based on this desire,

CITY AND COUNTY OF SAN FRANCISCO

MAJOR DATES IN THE OPERATING BUDGET CALENDAR

<u>Date Effective in 1977/78</u>	<u>Date Effective as of July 1, 1978</u>	<u>Statutory Provision</u>	<u>Event</u>
November	July		• Controller distributes budget forms to departments
February 1	October 1	Charter 6.200	• Budget forms due to Controller
March 1	November 1	Charter 6.200	• Consolidated budget by the Controller due to the Mayor
April 1	-	Charter 3.401	• Salary standardization for miscellaneous employees
April 15	January 15	Charter 6.203	• Mayor's budget due to the Board of Supervisors
May 15	-	Admin. Code 3.5	• Finance Committee of the Board of Supervisors recommendations due to the full Board
May 21	-	Charter 6.205	• Budget must be adopted by this date because two hearings by the Board must take place on the Appropriation Ordinance and the Salary Ordinance
June 1	-	Charter 6.205	• Board must adopt the annual Appropriation Ordinance and the Salary Ordinance
August 25	-	Charter 3.404 Charter 3.405	• Board must amend the Salary Ordinance based on salary Standardization for uniform employees and platform employees
August 28	-	Charter 6.208	• Board sets the tax rate and amends the annual Appropriation Ordinance

CITY AND COUNTY OF SAN FRANCISCO

MAJOR DATES IN THE CAPITAL BUDGET CALENDAR

<u>Date</u>	<u>Statutory Provision</u>	<u>Event</u>
Before October		. Departments develop their capital improvement requests
October 1	Charter 6.202	. All departments must submit their requests to City Planning for review
January 20	Charter 6.202	. A six year capital improvement program developed by City Planning is submitted to the Mayor, Board of Supervisors and Controller
March 15	Admin. Code 3.07	. The CIAC submits report to the Mayor and Board on capital improvements for inclusion in the ensuing year capital budget
June 15	Admin. Code 3.09	. The CIAC shall submit a six year capital improvement program and financing program
July 15	Admin. Code 3.012	. Board shall adopt a six year capital improvement program and a financing plan

they used their power in Charter Section 6.205 to change certain budget dates, and on July 1, 1978 these new dates will become effective.

The budget instructions issued by the Controller in early November include a budget calendar that specifies particular dates that are several days in advance of the Charter-required dates in order to ensure that the Charter-required dates are met.

The Budget Process in General

The budget process is the primary means by which the City estimates the amount of resources it will receive in the coming year from various sources and determines how it will allocate these financial resources to support the various services it provides.

The budget process is a lengthy one, beginning in November with the distribution of budget instructions and budget work sheets by the Controller's office, and ending with the setting of the tax rate by the Board of Supervisors the following September.

The format for presenting the budget to the Mayor and Board of Supervisors is four large volumes as follows:

- Volume I Budget - Departmental Requests

This volume is over 1,000 pages in length and lists the budget requests for every department as well as showing the resources necessary to finance every department.

Expenditure requests for each Department are in a "line-item" format. More specifically, each specific request for expenditures is listed on a separate line on the budget request forms.

- Volume II Budget - Schedule of Explanations

This volume is a compilation of explanations for all the budget requests listed in the Volume I Budget. For each line item request in the Volume I Budget there is a reference code column where the line item request can be coded in order to tie it to an explanation in the Volume II Budget.

- Volume III Budget - Schedule of Proposed Work Programs

In this volume the departments present plans for the coming fiscal year. This work program volume was submitted in a format for the 1977/78 budget year which requested departments to specify their key functions, the cost of these functions, and the work volume to be generated in the coming fiscal year.

• Supplemental Budget Requests

This volume contains the supplemental budget requests from the departments. Supplemental budget requests are those requests that are made after the filing deadline for budget requests. There is a time period in which supplemental requests can be made which is approximately one and one-half months after regular submittals are due to the Mayor.

At the time the Board of Supervisors receives these volumes, the Mayor's recommendations are noted on the budget request forms. The Board then makes their review, cuts the budget where appropriate, and then adopts it.

Key points to be considered are that the amount of material that must be consolidated and then reviewed is immense. In addition, neither the Mayor nor the Board can make explicit policy trade-offs in the formal budget process. For example, they cannot decrease one budget and increase another. They are limited to either cutting or deleting items.

Finally, although there are work program explanations, there is not a clear and concise budget document that relates expenditures to expected results as they relate to departments. Consequently budget review by the Mayor and legislative body is consumed with particular line item requests rather than policy development and execution as it relates to the budget.

Work Programs

A key item in the budget process that is required by Charter is the work program. The work program accompanies budget requests and specifically delineates the functions in which the particular organization preparing a budget is engaged, and it attempts to relate costs to the functions being performed. In addition, work programs attempt to show the outputs or work volumes for each function within the organization being budgeted.

In 1977/78 a new format for work programs was designed and used. This format requested the above information, and it also requested that for each function a set of objectives be developed. This effort was an initial start at attempting to budget resources in relationship to the results to be achieved. However, in the process of budget review, little use was made of these work programs other than for informational purposes.

Nonetheless, this work program requirement is a valuable first step in moving the City toward an output oriented budget.

Revenue Projections

Revenue estimates for the coming year are made by four organizations: the departments, the Controller's office, the Mayor's Budget Office and the Board of Supervisors' Bureau of the Budget.

The departments make estimates of the revenues they administer. However, even though departments may administer a particular revenue item, it may be used by a different department, and would thus be transferred to the appropriate organization using the revenue as a source of funds.

After the departments make their estimates, the Controller's office reviews them and makes their own estimate where they disagree with departmental figures.

Upon receiving the consolidated budget requests with the revenue estimates from the Controller, the Mayor's Budget Office reviews the Controller's revenue estimates. In the budget document that goes to the Board, the Mayor's revenue estimates will be the ones inserted; however, the Controller will send a letter to the Board concerning all revenue estimates made by the Mayor's office with which the Controller disagrees.

In addition, the Board of Supervisors' Bureau of the Budget makes a detailed analysis of revenues. One of their primary purposes in estimating revenues is to attempt to establish the size of the surplus in the current year.

Before the tax rate is set in September, the Controller:

- . Reviews the pattern of revenue receipts for the preceeding year;
- . Reviews the surplus;
- . Reviews the certified assessed valuation, and
- . Makes changes in any revenue estimates he deems necessary.

He then submits a Tax Rate Ordinance and an amendment to the annual Appropriation Ordinance based on these revenue estimates.

Capital Improvements Process

In San Francisco capital improvements go through the same process of review as the operating budget. In addition, capital improvements go through two special reviews, one with City Planning and one with the Capital Improvements Advisory Committee.

In late August/early September, the Department of City Planning sends a memorandum to all departments requesting submission of capital improvement and facilities maintenance projects for the City Planning six year program (the coming fiscal year and the following five). By October 1, all departments are to have submitted six year capital program materials to City Planning.

City Planning reviews these materials and consolidates them into a six year program with general priority ratings. The City Planning Commission holds hearings on the document, and pursuant to Charter, City Planning publishes a six year report on capital improvements by June 20 that goes to the Controller, Mayor and Board of Supervisors.

The Capital Improvement Advisory Committee (CIAC) receives the report from City Planning, and reviews the current year capital improvement request in two categories:

- . Building, Structures and Improvements, and Land, and
- . Facilities Maintenance Requests

Each capital improvement in the two categories receives a specific numeric rating, and the CIAC publishes a March 15 capital improvements report for the Mayor and Board of Supervisors with these rankings. These rankings are subsequently transferred to the appropriate departmental requests in the Volume I Budget.

Supplemental Budget

Departments may prepare a supplemental budget to fund new programs or meet other requirements that were not anticipated at the time the original budget estimates were prepared and submitted. Many of the supplemental budget requests are submitted as a means of changing or realigning the original departmental budget requests as part of the ongoing budget review negotiations between the Mayor's Budget Office and the departments. Another major application of the supplemental budget is to fund salary standardization costs for temporary and overtime positions.

Section 3.4 of the Administrative Code requires that supplemental budgets be received by the Board of Supervisors not later than April 15. This is the same day the Board receives Volumes I, II and III of the budget. However, supplemental budgets based on changes in classifications, as approved by the Civil Service Commission, may be submitted to the Board not later than May 10.

MAJOR PARTICIPANTS
IN THE RESOURCE ALLOCATION
REVIEW PROCESS

There are a number of participants in the resource allocation review process. The three key participants are:

- . The Controller
- . The Mayor
- . The Board of Supervisors

Each of their roles is briefly described below.

The Controller's Office

The Controller has the major responsibility for ensuring that:

- . Uniform budget preparation and accounting procedures are followed by all departments in preparing their budgets;
- . Budget estimates are properly coded and arithmetically correct;
- . Estimated revenues are only being requested for their intended purpose;
- . Other statutory provisions governing budget preparation are followed, and
- . Consolidated budgets are forwarded to the Mayor and the Board of Supervisors in a timely manner.

The major responsibility for these functions lies with the Budget Division of the Controller's office. This division has a staff of 12, and every year it is their responsibility to ensure that budget requests are developed by the departments, and then consolidated into a budget document that is transmitted to the Mayor.

The Controller's Budget Office does no analytical work in reviewing the budget. On the other hand, due to their familiarity with the legal provisions surrounding budget development, they are a key organization in determining what is legally acceptable within the Charter.

The Mayor

The Mayor has major responsibility for analyzing the budget and making recommendations on the budget to the Board of Supervisors. The Mayor's chief assistant in the execution of his Charter-assigned budgetary responsibilities is the Executive Deputy for Program and Fiscal Administration. This position supervises an organization composed of three staff groups.

The Mayor's Budget Office is headed by a Senior Program Manager who reports to the Mayor's Executive Deputy for Program and Fiscal Administration. The Senior Program Manager supervises a professional staff composed of six budget analysts. Each analyst is assigned a specific number of departments engaged in related program areas for budget review, supplemental appropriation requests, special studies, and budget monitoring purposes.

Although the Mayor's Budget Office has made significant strides in developing a more sophisticated budget review capability, the lack of sufficient analytical personnel has hindered this effort.

The Board of Supervisors

The Board of Supervisors must review and adopt the budget. The Board appoints from its members a Finance Committee which reviews the entire budget before it is presented to the full Board. In addition, the Board has a Budget Bureau which makes recommendations on the budget.

The Board's Budget Bureau is headed by a Budget Director and Analyst who reports to the Finance Committee of the Board of Supervisors. The Budget Director and Analyst, assisted by the Assistant Director and Analyst, supervises a professional staff composed of six (6) Associate Budget Analysts and three (3) Accountants (CETA). The Board's Budget Bureau does not have much time to review the budget; usually they have about two to four weeks. However, they do review the budget line item by line item and make recommendations to the Board's Finance Committee and then to the Board.

In addition to these budget duties, the Board's Budget Bureau performs significant work in estimating revenues, and they perform management or performance audits of departments that review the efficiency and effectiveness of departmental activities.

PROBLEMS WITH THE PRESENT PROCESS

This section reviews problems that have manifested themselves in the current budget process.

Although work programs have been developed for the particular organizations that budget for funds, there is no real linkage between the results an organization is supposed to obtain in providing service and the dollars being budgeted.

No clear delineation of results-oriented objectives for each organization have been developed, and no performance measures to assess whether or not these objectives have been achieved have been developed in a systematic manner. The Mayor and Board have only line item cost data to work with.

In addition, a clear and concise document that summarizes budget requests, with a concomitant review of objectives and outputs for each organization that is budgeting funds, does not exist. Such a summary document, if carefully constructed, would be a valuable policy aid to the Board in reviewing the budget.

Budget Calendar

The present budget calendar allows little time for the Board's budget analysts and the Board to consider the budget. Consequently, an ordinance was recently passed that would move the budget process forward approximately four months. Rather than the budget being submitted to the Board by the Mayor on April 15, the Mayor would submit the budget on January 15.

This legislation will elongate the budget development process without necessarily enhancing it. The real problem with budget development was stated in the previous problem - that is - lack of a clearcut results orientation to budgeting. Lengthening the process without ensuring that this results orientation is added to the process will not by itself obtain better budget decisions.

Revenues

At present, a rigorous centralized estimate of revenues is not made before departments begin developing their expenditure estimates. Consequently, departments develop their estimates in a vacuum in relation to what resources may really be available. Thus, significant time and effort is expended in developing requests that usually are eliminated because of lack of revenues. If a tentative resources available statement was available to the departments at the time they prepared their requests, it would discourage the number of unnecessary requests and budget "gamesmanship".

In addition, the resources devoted to analyzing revenues in a city the size of San Francisco are minimal. Neither the Controller's office, the Mayor's Budget Office nor the Board's Budget Bureau devote a full-time person to such a task. In an organization that has over a billion dollar

total budget, this is an unusual situation. Without committing significant analytical resources to revenue analysis, the City's attempt at enhancing resource allocation practices will be limited. In addition, lack of analytical personnel analyzing revenues does not enable the City to judge whether fees are too high or too low, if revenues might be obtained from new sources such as increased user charges, or if revenues might be maximized in other ways.

Capital Improvement Program

The present capital improvement program documents developed by City Planning and the CIAC delineate a six year program of capital improvements and facility maintenance. These items are placed in numeric priority, and based on the revenues available, the higher priority items receive funding and those with lower priority are deferred to be reviewed the following year.

The primary difficulty with the capital improvement process is that no significant cost benefit analysis is performed for each capital improvement project. This can be particularly damaging in the facilities maintenance area.

Consequently, even though a set of priorities is established, they are not always based on an analysis of the economic costs of the projects.

Analytical Personnel in General

At present, analytical staff that review the budget in its entirety are concentrated in the Mayor's Budget Office and the Board of Supervisor's Bureau of the Budget. However, neither of these offices is adequately staffed to review a budget that is as large and complex as San Francisco's. In addition, the Mayor and the Board have a shortage of analytical personnel in policy analysis and management and operations analysis.

Without the appropriate analytical skills in these areas, it will be difficult for the Mayor and the Board to achieve a results-oriented budget that specifies:

- Goals
- Objectives
- Performance Measures

In addition, this lack of analytical capability hinders the Mayor and Board from performing any significant policy analysis, program evaluation, performance audits or productivity studies of various departments.

Finally, in terms of executive branch analytical staff devoted to analyzing resource allocation and management, San Francisco is staffed far below the levels of several other major jurisdictions. Exhibit III-C on the following page presents an analysis of the executive budget office staff levels for four other jurisdictions in comparison to San Francisco's Mayor's Budget Office.

Analytical staff reporting directly to the legislative body in these jurisdictions is not included in the exhibit. However, it should be noted that San Diego County has a large program analysis unit that reports directly to the Board.

It is realized that initial steps have been taken in improving the quality of the City's analytical resources, but to further enhance the City's budget and management practices, an enlarged staff of permanent analytical personnel is necessary.

RECOMMENDATIONS

The following recommendations are presented for enhancing the resource allocation process in San Francisco.

Results Oriented Budgeting

For the Mayor and the Board to be able to make resource allocation decisions based on results to be achieved and program priorities, a comprehensive program should be implemented that will establish goals, objectives and performance criteria for every department.

Once such a program has been implemented, the Mayor and the Board will be able to see the planned results a department intends for the dollars being appropriated, and they will be able to assess how well a department did in achieving these planned results.

Although the line item budget document is necessary for operating control, it is not a good document for evaluating policy choices. Consequently it is recommended that a "policy" budget document be prepared that would be a financial summary of the present line-item Volume I Budget and would indicate the goals, objectives, outputs and performance criteria for each organization being budgeted.

CITY AND COUNTY OF SAN FRANCISCO
COMPARATIVE DATA ON SELECTED CITY/COUNTY
EXECUTIVE BUDGET OFFICES

	<u>City/ County of San Francisco</u>	<u>City of San Diego</u>	<u>County of San Diego</u>	<u>City of Los Angeles</u>	<u>County of Los Angeles</u>
Population (1976, estimated)	666,100	773,400	1,590,700	2,739,100	6,963,600
Area (1970, square miles)	45	392	4,262	464	4,069
Population density (persons per square mile)	14,802	1,973	373	5,903	1,711
Proposed budget subject to executive budget office review (1977-78, millions)	\$838	\$252	\$517	\$1.022 ^A	\$3.500
Executive budget office pro- fessional staff, including program analysis and manage- ment services, where appli- cable (proposed, 1977-78):					
. Budget review and control	7	14 ^B	13	60 ^B	54 ^B
. Program analysis	0	11	11	39	15
. Management services	<u>0</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>0</u>
Total staff	7	25	40	99	69
Executive budget office com- bined staff per \$100 million of the budget	0.83	10.00	7.69	8.80	2.00
Permanent city/county employees	20,556	6,178	12,017	28,477	70,000
Ratio of combined executive budget office staff per 1,000 permanent employees	.34	4.03	3.33	3.47	1.00

A Excludes budgets of departments not subject to budget review by Mayor and City Council, i.e., Airports, Harbor, and Water and Power.

B Staff performs budget review and control as well as program analysis functions.

Budget Calendar

It is recommended that instead of moving the Budget Calendar back to the point where the Mayor would submit the budget to the Board on January 15, that the Mayor submit the budget to the Board on March 1. This accomplishes two purposes:

- . It does not elongate the financial portion of the budget development process;
- . It gives the Board more time to review the budget.

In addition, it is recommended that the departmental statements of goals, objectives, outputs and performance measures be submitted by September 30. This will push forward the programming portion of the budget development process. During the period September through December, both the Mayor and the Board should critically review these statements.

Revenue Projections

It is recommended that a rigorous revenue process take place before departments begin developing the numeric portions of their budget, and that actual dollar parameters be established for anticipated spending in the coming fiscal year. This should discourage the generation of countless unnecessary budget requests that are eliminated in the budget process. In addition, it will give the City, early in the process of budget development, an indication of the financial picture for the coming fiscal year.

In addition, it is recommended that a revenue committee be established represented by individuals from the Controller's office, the Mayor's office and the Board of Supervisors. The purpose of this committee would be to:

- . Review current revenue income;
- . Develop revenue projections for the coming fiscal year;
- . Develop long-term financial policy;
- . Prepare multi-year (three to five year) revenue forecasts;
- . Analyze all fees charged by the City for any possible fee changes, and review services that might be placed on a cost recovery basis, and
- . Explore new sources of revenue other than taxes.

This committee should be staffed by one person from the Controller's office, Mayor's Budget Office and Board's Budget Office. These individuals should devote at least fifty percent of their time to revenue analysis.

Capital Improvement

It is recommended that one person in both the Mayor's Budget Office and the Supervisors' Budget Bureau be assigned to analyze capital improvements and do economic cost/benefit studies, where applicable, on capital improvement projects and facilities maintenance projects.

The personnel so assigned should work closely with City Planning capital improvement staff and the CIAC, particularly in the development of priorities for capital improvements.

At present little rigorous economic analysis is done to show the "costs" of foregoing facility maintenance. With the addition of analytical personnel to this area, the priority setting process can be enhanced, and the City can make more informed decisions concerning the trade-off between operating and capital expenditures.

Finally, an "operating impact statement" should be prepared for any new capital improvement project. This impact statement would estimate the future cost of staffing and maintaining the capital improvement being requested. In this manner, the Mayor and Board can view the impact of a new capital improvement on future operating budgets.

Analytical Personnel

In the City and County of San Francisco there are distinct legislative and executive branches of government; the Board of Supervisors is the legislative branch, and the Mayor is the chief executive officer of the City. However, both the Board and the Mayor are prohibited from involving themselves in the administrative affairs of the departments.

Consequently, one of the major tools both the Mayor and the Board have of influencing departments is through their review of the departments' budget request. However, without adequate information to:

- . evaluate a department's workload,
- . evaluate a department's performance, or
- . evaluate policy trade-offs between departments,

the Mayor and the Board have difficulty in making resource allocation decisions.

In developing a comprehensive resource allocation and management process, it is necessary to have analytical personnel that can assist the departments in developing this material, and can interpret the material as it relates to the dollars being allocated. Analytical personnel are necessary in helping the Mayor and the Board to:

- . Analyze whether or not they are in legal compliance with the Board's intent for the service;
- . Analyze whether or not programs are effective in delivering their service - that is - how they achieved their stated objectives, and
- . Analyze the efficiency of programs - that is - are programs delivering their service in a systematic manner and at the least cost possible.

To do this takes a sufficient number of people. As stated previously, neither the Board nor the Mayor has sufficient staff to effectively accomplish these tasks.

Consequently, it is recommended that staffing in both the Mayor's Budget Office and the Board's Budget Bureau be increased. Below is presented a description of functions for each of these offices and a range of staffing for the functions in these offices.

Mayor's Budget and Research Office

The Mayor's Budget and Research Office should be staffed with 18 to 24 permanent full-time professional staff. The office should be directed by the Executive Deputy for Program and Fiscal Administration and there should be an Assistant Executive Deputy.

The office should be divided into three sections as follows:

. Budget Operations Unit

Staffing - five to seven permanent analytical professional staff

Functions:

- Budget Procedures
- Budget Preparation
- Budget Review

- Review of Departmental Goals, Objectives, Performance Measures and Work Programs
- Monitoring of Expenditures versus Budget
- Monitoring of Planned versus Actual In Terms of Performance Data

• Policy Analysis and Program Evaluation Unit

Staffing - six to eight permanent analytical professional staff

Functions:

- Assessment of Community Needs
- Development of Program Alternatives
- Revenue Projection
- Capital Improvement Project Economic Analysis
- Multi-Year Expenditure Projections
- Evaluation of Program Effectiveness
- Special Cost/Benefit Studies

• Management Services Unit

Staffing - five to seven positions

Functions:

- Operations Analysis
- Records Management
- Work Measurement
- Work Simplification
- Equipment Utilization and Productivity Analysis
- Special Systems Studies

Board of Supervisors Budget Bureau

The Board of Supervisors Budget Bureau should be staffed with 16 to 20 permanent full-time professional staff. The Bureau should be directed by the Director and Budget Analyst and there should be an Assistant Director and Budget Analyst.

The office should be divided into two sections as it is presently. However, both sections would obtain an increase in staffing, particularly the Management Audits Division. The staffing and responsibilities would be as follows:

• Budget Division

Staffing - six to eight permanent professional staff

Functions:

- Review the annual budget
- Review monthly expenditure patterns
- Revenue projections, short and long term, and projection of the annual tax rate
- Cost/Benefit Analysis of Capital Improvement Projects
- Analyze City fiscal policy and do special cost benefit studies

. Management Audit Division

Staffing - eight to ten permanent professional staff

Functions:

- Management/performance audits on a continuing basis of all City departments. Such audits to include a review of legal compliance, efficiency of operations, and effectiveness of operations
- Follow-up on management/performance audits to review status of implementation of recommendations
- Special analytical studies as needed

Both the Mayor and the Board require adequate information in order to make rigorous policy and budgetary decisions. This information cannot be obtained without sufficient analytical personnel. At present this capability is not available in the quantity that is necessary in either the Mayor's or Supervisors' office.

It should be noted the City at present has an excellent program for developing analytical talent, the Operations Analysis program. The people who graduate from this program have excellent basic skills that would allow them to be a readily available supply of personnel for an expanded budget operation in the Mayor's and Supervisors' budget offices.

IMPACT OF
RECOMMENDATIONS

FAMIS is not dependent on implementation of the recommendations contain in this section; however, without Charter reform, implementation of the above recommendations will:

- . Strengthen the City's resource management capability;
- . Enhance the likelihood of successful implementation of FIRM System concepts, and
- . Provide the Mayor and Board with better information for decision-making.

IV - APPROPRIATION CONTROL PROCESS

An appropriation is an authorization granted by the Board of Supervisors to incur obligations and make expenditures for specific purposes. This chapter reviews the process of appropriation control in the City, and is presented in four sections as follows:

- . It reviews the current appropriation control process in the City;
- . It presents problems with the current system of appropriation control in the City;
- . It analyzes the differences between budget control and appropriation control, and
- . It presents how appropriation control will take place in FAMIS.

REVIEW OF THE CURRENT APPROPRIATION CONTROL PROCESS

The review of the current appropriation control process is discussed in four subsections as follows:

- . Statutory requirements relating to appropriation control,
- . Development of the Appropriation Ordinance,
- . Appropriation control procedures, and
- . Appropriation statement.

Statutory Requirements

There are a number of statutory requirements that affect appropriation control. Most of them are charter requirements, but other legislation adopted as a part of the Appropriation Ordinance also govern the appropriation control process in the City. Each of the key statutory requirements is presented below:

- . Charter Section 6.305 provides for the transfer of funds within and between departments. Transfers within departments can be made for amounts up to ten percent (10%) of the funds appropriated for contractual services, materials and supplies, equipment and other specific purposes without approval of the Mayor and Board. Exceptions to this are transfers for personal service contracts or for items that were the subject of previous budgetary denial by the Mayor or Board of Supervisors; these require approval by the Mayor and the Board. Transfers between departments also must be approved by the Mayor and the Board.

- Charter Section 6.300 gives the Controller the authority to establish the appropriation ledger revenue and expenditure accounts from the Appropriation Ordinance.
- Charter Section 6.301 requires the Controller to set up monthly or quarterly allotment schedules for appropriations. An allotment is a percentage of the full appropriation for a particular time period (e.g., monthly or quarterly). Only that percentage of the appropriation, the allotment amount, can be encumbered or expended within the time period.
- In 1976/77 and in 1977/78, the Board adopted legislation as part of the Appropriation Ordinance that requires any request to change an allotment schedule by an organization to be reported to the Finance Committee of the Board. In addition, this item of legislation prohibits the Controller from encumbering or incurring an obligation which exceeds the allotment schedule without consent of the Mayor and the Chairman of the Finance Committee of the Board.
- Charter Sections 6.302 and 6.303 require the Controller to pre-audit all encumbrances and disbursement documents and certify that there is:
 - a valid appropriation against which the expenditure may be made, and
 - there are sufficient unencumbered funds available in the Treasury for that appropriation "in order to pay the amount of the expenditure when it becomes due and payable".

Development of the Appropriation Ordinance

In San Francisco, appropriation control is exercised at an organizational level known as a "budget index". A budget index is a three digit number (xxx) which represents any organizational entity for which funds are budgeted. In San Francisco, there is currently no consistent basis for defining budget indices.

For example, the Police Department (Budget Index 161) is currently a single budget index for which items are budgeted and then appropriated. On the other hand, other large departments such as the Department of Public Health or the Department of Public Works have 31 and 15 budget indices, respectively.

For each of these organizational units that has a budget index, budgets are prepared by line item, or detailed object of expenditure and/or sub-object.

Based on the detailed line item budget for each budget index, the Appropriation Ordinance is developed.

When the detailed budget has been finalized, budgeted items are transferred from the automated budget development system to the automated system that creates the Annual Appropriation Ordinance. Each budgeted line item receives an appropriation account number. A description of the appropriation account code is described in Exhibit IV-A.

When this transfer of budget data occurs, certain individual line items are established as individual appropriated items. Other line items are summarized into major categories of expenditures, or characters, as follows:

- 100 - Personal Services
- 200 - Contractual Services
- 300 - Materials and Supplies
- 400 - Equipment
- 500 - Buildings, Structures and Improvements
- 600 - Land
- 700 - Reconstruction and Replacement
- 800 - Fixed Charges
- 900 - Services of Other Departments

In some cases, a portion of the detailed line items are summarized into a particular major category, while others within the same category are established individually as appropriations.

In the case of Personal Services, the individual line items are always appropriated individually and are not summarized into "100 - Personal Services". The level of detail shown in this category in the Appropriation Ordinance is always at the object and sub-object level. An example of the level of appropriations for personal services is as follows:

<u>Object</u>	<u>Sub-Object</u>	<u>Line Item</u>
110	000	Permanent Salaries
110	001	Permanent Salaries - Crafts
111	000	Overtime
111	001	Holiday and Overtime - Crafts
112	000	Holiday Pay
120	000	Temporary Salaries
120	001	Temporary Salaries - Crafts

CITY AND COUNTY OF SAN FRANCISCOEXPLANATION OF CURRENT APPROPRIATION ACCOUNT CODING STRUCTUREField Explanation

X . XXX . XXX . XXX . XXX

This 3 digit field is used for line control purposes in the Appropriation Ledger, but is not used in the Appropriation Ordinance.

This 3 digit field is the sub-object-of-expenditure.

This 3 digit field is the detail object-of-expenditure; this field can also be the character.

This 3 digit field is the Budget Index.

This 1 digit field is the fiscal year in which the appropriation was originally made.

Numeric Example

6 . 231 . 110 . 001 . 000

Line Control - Not Used

Sub-Object - Crafts

Detail Object - Permanent Salaries

Budget Index - Department of Electricity

Appropriation in fiscal year 1976/77

In addition to personal services, certain other detailed line items are always established as appropriations. These are:

- 203 - Use of Employee Cars
- 269 - Other Professional and Special Services
- 298 - Local Share - Grants and Subventions
- 389 - Subsistence
- 476 - Library and Reference Books

In addition, within various budget indices, many detail objects of expenditure are not summarized. The reason for this is that at some time in the past there was a request to have certain line items shown as appropriation accounts. Because of established custom, these have continued as appropriation accounts. Examples are:

<u>Line Item</u>	<u>Department</u>
804.000 - Meritorious Awards	Fire Department
289.003 - Special Summer Program	Recreation and Park Department
389.000 - Foodstuffs	Sheriff's Department

Finally, all capital improvement projects and land acquisition projects are appropriated at the detail object of expenditure level.

Appropriation Control Procedures

Once the Appropriation Ordinance has been adopted, the appropriation ledger is set up from the Appropriation Ordinance through an EDP transfer of data. The appropriation ledger contains the following fields:

- . Expended - the amount of funds disbursed for a particular appropriation account
- . Encumbered - the amount of funds obligation in a particular appropriation account
- . Unencumbered Balance - the amount of funds available to be encumbered or expended
- . Allotted - the amount of appropriated funds available for encumbrance or expenditure during a particular time period
- . Unallotted - the amount of appropriated funds not presently allotted
- . Reserved - an amount of either allotted or appropriated funds set aside and not to be expended

- . Appropriated/Transferred - the amount initially appropriated and then updated through transfer

There are two lay procedures in the appropriation control process: the allotment procedures and the procedures for certification of funds.

An allotment is a particular amount of funds available for encumbrance or expenditure during a particular time frame. The purpose of establishing allotments is to ensure that a department does not expend all its funds early in the year.

Each May the Controller sends out a directive instructing departments to prepare their allotment schedules. Salaries are allotted on a monthly basis and most other items are allotted on a quarterly basis. The impact of an allotment is that a department cannot spend or encumber more than is allotted, even though they may have appropriated funds available in their unallotted column in the appropriation ledger. If a department exceeds its allotment, it must request a transfer of funds from the unallotted to the allotted column. To request a transfer of funds, the department must complete a form 307-A and submit it to the Controller's office. The form is then forwarded to the Mayor and the Finance Committee of the Board of Supervisors for approval.

The second major appropriation control procedure is the certification of fund. Section 6.302 of the Charter mandates there be no obligation or expenditure incurred unless the "Controller first certify that there is a valid appropriation from which the expenditures may be made, and that sufficient unencumbered funds are available in the treasury to credit of such an appropriation."

Based on this Charter mandate, the Controller's office pre-audits every encumbrance and expenditure to: (1) ensure there are sufficient funds available for encumbrance or expenditure within a particular appropriation, and (2) ensure there is a valid appropriation for the charge.

The fund accountants in the Controller's office have CRT terminals through which they initiate on-line inquiry as to the status of appropriations. To update the appropriation ledger, in most instances a batch procedure is used. However, certain transactions are updated on-line by the appropriations ledger control clerk.

Appropriation Statement

An Appropriation Detail Statement is printed monthly on the day following the last day of each month (except for the last month of the year). This statement lists all the detail transactions affecting the appropriation ledger that have taken place during the prior month, summarized by budget index.

This statement is the only statement issued by the Controller which the departments can use to review the status of their appropriations in a timely manner.

Exhibit V-B presents an example of the Appropriation Ledger Detail Statement presently in use in the City. In addition, a sample set of transactions is presented to illustrate the information shown in the various columns. Each of these transactions is briefly reviewed below:

1. Initial Appropriation

When an initial appropriation is made, the amount of the appropriation is placed in the "Unallotted" column, and the "Appropriated/Transfer" (Approp/Tfrs) column. The amount in the "Approp/Tfrs" column will never change unless a supplemental appropriation is made or a transfer into the appropriation account takes place.

2. Quarterly Allotment

When an allotment is made, the "Unallotted" column is decreased by the amount of the allotment, the "Allotment" column is increased by the amount of the allotment, and the "Unencumbered Balance" column is increased by the amount of the allotment.

3. Encumbrance

When an encumbrance is made, the "Encumbered" column is increased by the amount of the encumbrance and the "Unencumbered Balance" is decreased by the amount of the encumbrance.

4. Reserve

When an amount is reserved for a special purpose, either the "Unallotted" amount or the "Allotted" amount can be reserved. Once reserved, these funds cannot be used until they are specifically released. In the example in Exhibit IV-B, funds have been reserved from the "Allotted" amount, which decreases that amount, decreases the "Unencumbered Balance", and increases the "Reserved" column.

5. Liquidation of an Encumbrance

When an encumbrance is liquidated and the amount expended is less than the encumbrance, the "Expended" column is increased by the amount of the expenditure

CITY AND COUNTY OF SAN FRANCISCO

ILLUSTRATION OF PRESENT APPROPRIATION STATEMENT
AND SAMPLE TRANSACTIONS

CITY AND COUNTY OF SAN FRANCISCO

XX/XX/XX APPROPRIATION STATEMENT-D			FUND-MISC 1A				Page		
Sample Transaction	Appropriation No.	Ref-Code	1	2	3	4	5	6	7
			Expended	Encum-bered	Unencum-bered Balance	Allotted	Unallotted	Reserved	Approp/Tfrs
1. Initial approp-riation	X.XXX.XXX.XXX.XXX	57					100,000		100,000
2. Quarterly allotment	X.XXX.XXX.XXX.XXX	345			25,000	25,000	75,000		100,000
3. Encumber \$5,000 to purchase supplies	X.XXX.XXX.XXX.XXX	23		5,000	20,000	25,000	75,000		100,000
4. Reserve \$5,000	X.XXX.XXX.XXX.XXX	346			20,000	20,000	75,000	5,000	100,000
5. Liquidation of transaction in 3 above through Request for Warrant. Bill for supplies, \$4,000	X.XXX.XXX.XXX.XXX	123	4,000	0	16,000	20,000	75,000	5,000	100,000
6. Bill for supplies purchased in 3 above is \$6,000	X.XXX.XXX.XXX.XXX	123	6,000	0	14,000	20,000	75,000	5,000	100,000

and the "Unencumbered Balance" is increased by the difference between the amount encumbered and expended. When the expenditure is greater than the encumbrance, the "Unencumbered Balance" is decreased by the difference between the amount encumbered and expended.

PROBLEMS WITH THE CURRENT SYSTEM

There are four primary problems with the present system of appropriation control. Each of these problems is reviewed below.

Level of Detail of the Appropriation Accounts

The present system of appropriation control has appropriations established at both the character, detail object of expenditure, and sub-object of expenditure level. In other jurisdictions, appropriations are usually established in one lump sum for a particular organizational unit, or they are established at the character level. In the City, the tendency has been to make appropriations at a finer and finer level of detail. This tendency has resulted in the City using the appropriation control process much like the budget control process, where control is at a fine level of detail. There are distinct differences between the objectives of appropriation control and those of budget control. These differences; and a proposed modification to the current appropriation control procedures, are discussed later in this section.

Level of Organizational Appropriations

At present, appropriations are made at the "budget index" level. Consequently, there is a lack of consistency as to the organizational unit for which an appropriation is being made. For example, the Police Department is one appropriation, whereas the Department of Public Works has 15 appropriations. The major consequences of this are that one cannot easily compare the level of appropriations between departments. In addition, there is no systematic City-wide policy on what should be the level of organizational appropriations, thus encouraging a proliferation of budget indices without a common base.

Use of the Appropriation Statement as a Budget Control Report

The present appropriation statement is a timely document, and can be used to review the status of transactions that have cleared the Controller's office as of the last working day of the prior month. However, due to transactions in progress that have not cleared the Controller's office, departments cannot be sure of their exact appropriation position without additional data provided by their own internal accounting system.

In addition, because the departments receive no budget reports that are on a timely basis, or any that include encumbrances as well as expenditures, there has been a tendency to rely heavily on the appropriation statement as a budget control document, even though it does not contain the status of all line items.

Need for Monthly Reconciliations

Each month the appropriation ledger has to be reconciled and balanced for each fund. This reconciliation is a manually conducted, time consuming process. In addition, as the appropriation ledger is a subsidiary ledger of the General Ledger, it must be reconciled manually to the General Ledger. Reconciliation of the appropriation ledger to the General Ledger is usually completed two to three months after month-end.

These problems illustrate the need for:

- . A policy of differentiating appropriation control from budget control,
- . A policy of appropriation level both by organization and account, and
- . Automated update of the appropriate accounts and ledgers.

The remainder of this section addresses each of these issues.

THE DIFFERENCE BETWEEN APPROPRIATION CONTROL AND BUDGET CONTROL

An appropriation is an authorization to spend which is granted by the legislative body, the Board of Supervisors. The purpose of appropriation control is to ensure that the legal authorization to spend that has been granted by the Board has been complied with. Compliance includes two factors:

- . Expenditures may not exceed the amount of funds appropriated, and
- . Expenditures must be spent for the purpose the Board intended in making the appropriation.

These two aspects of compliance illustrate that there are two primary focuses of appropriation control:

- . It is legally focused in that it assists the Board in ensuring its spending plan is not exceeded, and

- . It is policy focused in that it is the vehicle by which the Board and the Mayor allocate resources among competing demands for services.

Because of its focus on legal and policy compliance, appropriation control is different from budget control.

Budget control is primarily the responsibility of operating management. The budget should be a tool for management information purposes in planning the amount of resources necessary to accomplish certain objectives. Budget control is focused primarily on comparing actual expenditures to the planned budget at the detailed line item, or object of expenditure level.

In San Francisco, an adequate budget monitoring system does not exist. Consequently, departments must rely on their own internal accounting systems. In addition, the appropriation ledger has become more and more detailed in terms of the level of accounts.

In the FIRM System, a distinction will be made between appropriation control and budget control. FAMIS will provide a timely budget monitoring capability with detailed expenditure analysis as well as a system of appropriation control at a summary level. Hence, both legal and management control will be possible, exercised in a timely manner.

APPROPRIATION CONTROL IN FAMIS

In FAMIS, appropriation control is exercised through the appropriation file. The appropriation file contains much of the same information now present in the appropriation ledger in the City.

In the appropriation file, for each appropriation account, the following data is maintained:

- . Original Appropriation
- . Reappropriation of a Prior Plan Encumbrance
- . Revisions to the Original Appropriation
- . Total Appropriation
- . Expenditures
- . Encumbrances
- . Available Balance

The original appropriation plus the reappropriation of a prior year encumbrance, plus any revisions to the supplemental appropriation, less any amount reserved, will equal the total amount in a particular appropriation account. The total amount in a particular appropriation account, less the expenditures and less the encumbrances in that account, will equal the available balance in that account.

The allotment process currently in use by the City can be accommodated in FAMIS through the use of a table that will assign allotment percentages to each appropriation account. If a financial transaction exceeds this allotment, it will be "flagged" and the transaction will not be accepted.

Key issues in implementation of the FAMIS appropriation control process are as follows:

- . Level of Appropriation by Organizational Unit

As previously discussed, appropriations should take place at the highest organizational level possible. FAMIS appropriation control can take place at the department, division or section level.

However, since FAMIS can produce detailed budget reports for operating management at the section level that present budget transactions for each object and sub-object, it is more appropriate that appropriation control take place at either the department or division level.

- . Level of Appropriation by Account

In FAMIS, appropriation control takes place at the character account level. The character is a summary of all of the objects and sub-objects of expenditure contained within that character classification. This conforms for the most part to the way appropriation control is presently taking place in San Francisco, except that there are now object of expenditure appropriation accounts as well as character appropriation accounts. In the new system, all appropriations would be made at the character level.

V - BUDGET DEVELOPMENT AND ACCOUNTING CONCEPTS

In Section III of this report, the major resource allocation processes were reviewed. These processes include the operating budget process, the capital improvement process, the revenue projection process and the development of work programs.

The budget development and accounting process is concerned with how a jurisdiction:

- . Organizes to budget,
- . Mechanically prepares its budget,
- . Reports actual expenditures against budget, and
- . Takes corrective action when actual expenditures vary from budget.

The purpose of a budget development and accounting process is to ensure the efficient planning, allocation and control of resources necessary to accomplish the objectives and work tasks of the jurisdiction.

In this section, a detailed review of the budget development and accounting process is presented. The presentation is divided into six parts as follows:

- . An overview of the current budget preparation and accounting process,
- . A review of problem areas in the current preparation and accounting process,
- . An introduction to responsibility center budgeting and reporting,
- . A preliminary definition of organizational units and responsibility centers,
- . A review of budget preparation in FAMIS, and
- . An overview of budget reports produced by FAMIS.

OVERVIEW OF THE CURRENT SYSTEM

The following paragraphs review the current budget preparation and accounting processes presently in use in the City. The discussion is organized in six subsections.

The Budget Index

Budgets for City of San Francisco organizations are prepared by budget index. A budget index is a three digit code that can represent a department, bureau or section. There is not a consistent pattern for the development of budget indices; some departments have only one index for the entire budget, while other departments have many budget indices.

As an example, the entire Police Department budget is a consolidated budget that does not show budgets for sub-organizations in the Police Department such as bureaus and divisions. On the other hand, the Department of Public Works (DPW) has a number of budget indices. Exhibit V-A on the following page illustrates the DPW organization and the appropriate budget indices for that department. Two points are important to note here:

- In certain instances, DPW establishes budgets at the second organizational level (Bureau level) and in some instances at the third organizational level (Division level), and
- There is not a consistent budget index coding structure; for instance, DPW organizations financed by the General Fund are coded with 400 number budget indices, and those financed by restrictive funds are shown with 600 number budget indices. This peculiarity is based on the fact that the City relates its fund structure to the BI code. One consequence of this is that it is difficult to show all appropriate departmental budgets in one location.

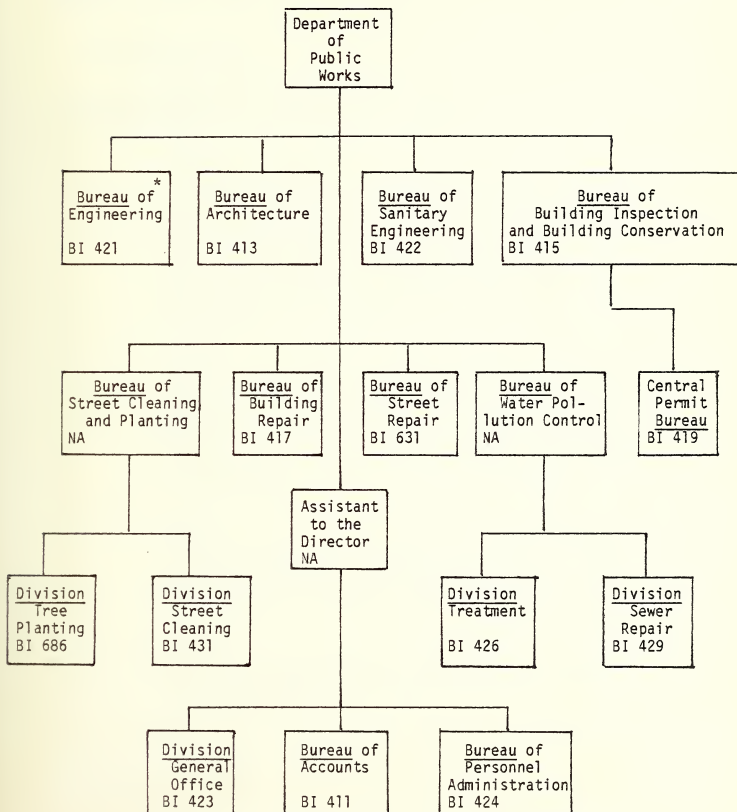
This fragmented approach to determining the level at which departmental budgets should be developed prohibits fixing budget responsibility with appropriate line managers. In addition, the practice of showing a part of an organization's budget in one set of budget indices and part of it in another set of budget indices does not enable one to quickly and clearly determine the total budget and sources of funding for a particular department.

Expense and Revenue Budgets

Each budget index develops an expense budget for the forthcoming fiscal year. In addition, each department develops revenue estimates for funds

CITY AND COUNTY OF SAN FRANCISCO

EXAMPLE OF ORGANIZATION STRUCTURE AND BUDGET INDICES



BI - Budget Index

*The Bureau of Engineering has a number of Divisions financed out of restricted fund budget indices.

that it administers. These revenues do not necessarily relate to the support of the department that budgets for them. In many instances a department will budget for revenues that it administers, and then transfer these revenues to the department for which they are a source of funding.

Budget Work Sheets

In preparing budgets, the Controller issues a set of EDP "Work Sheets" for budget preparation. A summary of the purpose of each of these work sheets is presented below:

- A Sheets

A sheets are used for listing, by class, every single permanent position being requested for a particular budget index. On the A sheets are shown classification codes and the pay rates (the low end and the high end of the salary range) for each classified position listed. When salary standardization is adopted by the Board, the total amounts of pay are adjusted through an EDP entry by the Controller's office.

- B Sheets

B sheets contain the budget requests for all overtime, temporary salaries and wages, premium pay, holiday pay, standby pay, and 200 (contractual services), 300 (materials and supplies), 400 (equipment), 800 (fixed charges) and 900 (services of other departments) objects of expenditure. Each equipment item to be purchased is separately listed on the B sheet.

- C Sheets

C sheets contain capital improvement requests. These requests are itemized in the 500 (improvements), 600 (land) and 700 (facilities maintenance) objects of expenditure.

- D Sheets

D sheets are used for narrative explanation of each of the budget requests.

- R Sheets

R sheets are for the purpose of showing revenue projections for each department that administers revenue.

- F Sheets

F sheets are used to prepare supplemental budget requests. The purpose of these requests is to change or realign the original requests that the departments submitted on the A, B, and C sheets. In addition, supplemental budget requests are used to fund salary standardization costs for temporary positions. Pay rates for temporary positions cannot be changed on an automated basis, whereas the rates for full-time permanent positions on the A sheets can be automatically changed by the Controller. In addition, supplemental budget requests are used to transmit changes in classification made by the Civil Service Commission between January 1 and May 10.

The departments receive these work sheets with preprinted information on them such as the detail object of expenditure code and description, the actual amount expended in the prior year, as well as the amount budgeted in the current year. The departments must manually make all entries necessary to correct the preprinted information if it is in error. They also manually insert any modifications to the budget, the amounts actually expended in the first six months of the current year, the amounts they expect to spend in the last six months of the current year, and the amounts of their request for the coming year.

When the Controller's office receives the work sheets from the departments, the information submitted by the departments is entered on-line into the EDP budget file. The final product of the processing is a consolidated set of budget requests for each budget index containing an A, B, and C sheet, as well as an R sheet for each department. These budget requests are then sent to the Mayor's office with the D sheets, the narrative explanations for the budget requests.

After the Mayor reviews all budget indices, the Controller enters on-line the Mayor's recommended amounts in the column available for those figures and prints the Volume I budget which is sent to the Board of Supervisors for their review. In addition, the Volume II Budget, the explanations for these numerical budget requests, is also sent to the Board.

The Board reviews the budget and makes their changes; once they adopt the budget, the Controller's office enters the final budget figures for each object of expenditure on-line. These final approved budget figures are the basis for the Appropriation Ordinance and the appropriation ledger as explained in Section IV.

Budget Coding

The City prepares its financial budget on a "line-item" basis. For every line item or "object of expenditure", a dollar amount is budgeted and justified on the explanation sheet. The objects of expenditure are further breakdowns of the character of expenditure classification. In San Francisco there are presently 9 characters as follows:

- 100 - Personal Services
- 200 - Contractual Services
- 300 - Materials and Supplies
- 400 - Equipment
- 500 - Improvements
- 600 - Land
- 700 - Facilities Maintenance
- 800 - Fixed Charges
- 900 - Suspense Items and Services of Other Departments

Within each one of these characters are more detailed objects of expenditure. For example, within the 100 series, 110 is an object of expenditure (OE) representing permanent salaries, 111 is an OE representing overtime, and 112 is an OE representing holiday pay. These objects of expenditure in San Francisco are labeled "detail objects of expenditure".

Level of Detail

In addition to budgeting at the OE level of detail, each permanent position, piece of equipment, and capital project is separately budgeted and monitored through the use of the initial information developed in the budget process.

Services of Other Departments

Services of other departments are obtained in two ways in San Francisco. One way is that the requesting department budgets for the service of another department and then obtains that service through the issuance of a work order to the performing department. The performing department, upon completion of the work, charges the requesting department for the cost of work performed.

In the case of a work order procedure, the performing department budgets for the amount of work it anticipates it will perform in the coming year. However, there is no appropriation in the performing department; all appropriations are established in the requesting departments.

The second method of obtaining services of another department in the City is through the process of budget transfers. In this instance, a requesting department will budget for work, such as facilities maintenance work, to be accomplished in the forthcoming fiscal year. This work will be shown in the requesting department's budget; it will also be shown in the performing department's budget. However, the appropriation for the work will be established in the performing department's budget. The cost of the work, once it is completed, will be shown in the requesting department's budget statistics report.

PROBLEM AREAS

The previous discussion briefly reviewed the budget preparation process in the City and County of San Francisco. This section presents a number of problems associated with the present process.

Organizational Budget Responsibilities

At present, there is no consistent policy by which different levels of organization are budgeted within a department. Some departments present one budget for the entire department, while other departments prepare budgets for a variety of sub-organizations. In addition, parts of certain organizations (such as DPW) are presented in the budget document in various places depending on funding source.

The consequences of this practice are that it is difficult to develop a consistent organizational budgetary structure and that it is difficult to review a department's budget in its entirety.

Managerial Accountability

Under current procedures, a variety of organizations develop budgets in an inconsistent manner. It is therefore difficult to delineate and establish managerial accountability for budget preparation and control on a City-wide basis.

Level of Detail

At present, the level of detail presented in the budget document sent to the Mayor and Board of Supervisors is excessive. Through the budget preparation process and the EDP budget system, the City attempts to establish:

- . position control;
- . equipment inventory control, and
- . capital project control.

Although this information at lower levels of the organization is necessary, attempting to summarize it all in one document makes it extremely difficult to analyze and review.

In addition, using the EDP budget system for special purposes such as position control and inventory control overloads the EDP budget system and the Controller's budget office. These separate functions can best be accomplished through separate and distinct EDP systems.

Source of Funding

At present there is significant difficulty in clearly tracing positions to their source of funding. This difficulty is primarily due to the fact that:

- . In budgeting for services of other departments, both a system of work orders and budget transfers are used, and
- . Trust funds and bond funds that support particular positions are not shown in the budget.

In addition, although grant funds are presently shown as informational items in the budget process, it is difficult to assess their impact on the budget. Much of the City's work is accomplished through grants. Consequently, to accurately reflect the effect of these funds, they should be more fully integrated in the budget process.

Budget Monitoring

Once the budget is adopted, no real budget monitoring takes place other than through the process of appropriation control. As stated in Section IV, the appropriation control function should be concerned with higher levels of information than is currently the case.

A need now exists for timely budget monitoring at lower operating levels. At present a budget statistics report is prepared that shows what has been expended against budget. However, this report is over 60 days old when it is issued. In addition, detail budget monitoring cannot take place until there is a clearly defined organization structure that is oriented toward making particular individuals responsible for the budgeting and controlling of expenditures at the operating level.

RESPONSIBILITY CENTER BUDGETING AND REPORTING

Responsibility center budgeting and reporting is a concept designed to allow management to plan for and control revenue and expense items at whatever level they are incurred. The concept is implemented by using the FAMIS budget preparation and reporting capabilities.

Responsibility budgeting and reporting requires the active participation of management personnel in developing budgets in line with overall City financial goals. In addition to the support of the Board of Supervisors, the Mayor, Commissioners, and top management in the departments, four major elements are essential to the successful implementation of a responsibility center budgeting and reporting system:

- . Establishment of organizational units - "Responsibility Centers" - and delegation of responsibility and authority to managers at that level for achieving their planned level of revenue and expense;
- . Identification of each revenue and expense item to a specific responsibility center, and holding each manager responsible for those controllable items within his/her center;
- . Reporting of actual results against budget to each responsibility center manager, and
- . Requiring follow-up action within each responsibility center when performance varies significantly from established guidelines.

Each of the above four major elements of an ideal responsibility center budgeting and reporting system is discussed in the remainder of this section.

Establishment of Responsibility Centers

Responsibility centers should be established at the lowest organizational level where a manager can be identified who is responsible for:

- . Ensuring that organization objectives are achieved, and
- . Controlling resources in the achievement of those objectives.

Consequently, responsibility centers should be established commensurate with managerial functional responsibilities and along the lines of clearly defined organizational reporting relationships.

On the other hand, once established, responsibility centers are not cast in concrete. When basic changes occur that affect the responsibility of a manager or the reporting structure of the organization, it is important that these changes be reflected in the responsibility center's budgeting and reporting system.

Identification of Revenue and Expense Items to Responsibility Centers

In the ideal responsibility center budgeting and reporting system, an important principle is that responsibility center managers should be held responsible for those revenue and expense items under their control. Often this will include items that may not be totally controllable because of overall City policies or external economic conditions. The responsibility center manager should be able to influence, by his actions, the revenue and expense items assigned to him.

Each responsibility center manager should budget and monitor those expenses and revenues over which he has sufficient delegation of authority to effect results under realistic and fair conditions.

Reporting of Results

The third major concept in a responsibility center budgeting and reporting system is the reporting of actual results against budget to each responsibility center manager on a consistent and timely basis.

At the lowest responsibility center, the responsibility manager would receive a detail report presenting comparison of actual results to budgeted amounts. For the lowest responsibility centers, reports would be generated showing all detailed objects of expenditure and sub-objects of expenditure.

Each manager with supervisory responsibility for other responsibility centers would receive summary reports which present the combined results of the responsibility centers in his organizational group. The format of the summary reports would be the same as the detail reports, except for the degree of summarization. Accordingly, the summary report would present only major categories of revenues and the character summary for the appropriate object of expenditure.

To facilitate the identification and review of variances on the summary reports, each higher level responsibility center manager would also receive the detailed or summary reports, as appropriate, of the next lower level.

Variance Analysis, Correction and Reporting

The fourth major feature of the responsibility center budgeting and reporting system is the reporting and analysis of variances from budget. A variance would occur when the actual amount of revenue or expense deviates from the budgeted amount.

A responsibility center budgeting and reporting system incorporates the concept of "management-by-exception". This is accomplished by placing greater emphasis on significant variances from plan that exceed percentage and dollar criteria determined by management policy.

In addition, the system emphasizes placing the greatest amount of detailed information necessary in the hands of the lowest operating managers, and forwarding upward in a clear and concise format the most critical information necessary for the direction of the department and the meeting of the City's overall goals and objectives.

This approach places major emphasis on the managers at each higher level knowing why variances have occurred and taking corrective action with subordinate managers to ensure these variances do not reoccur.

PRELIMINARY DEFINITION OF ORGANIZATIONAL UNITS AND RESPONSIBILITY CENTERS IN THE FIRM SYSTEM

As noted previously, the present development of budgets by organization unit in the City and County of San Francisco is not consistent. Consequently, in the first year of implementation, it is anticipated that the lowest responsibility center for which detail budgets would be developed would be at the third level in the organization. In FAMIS terminology, this is the section level.

In Appendix E, there is a listing of all departments and a department code for each. For each of these departments, it is anticipated that responsibility budgeting and reporting would take place at the third organizational level in the first year of full implementation of FAMIS. An example showing the third level for the Police Department is presented in Appendix F. This example illustrates the three levels of an organizational unit.

FAMIS BUDGET
PREPARATION SUB-SYSTEM

The discussion below summarizes the major elements of the FAMIS budget preparation sub-system. It is divided into two sub-sections: budget preparation and budget preparation reports.

Budget Preparation

The FAMIS budget preparation sub-system provides an automated means of compiling and reporting information relative to the proposed budget. In addition, it provides the information base necessary to enter the approved appropriation amounts into the accounting system.

The FAMIS budget preparation sub-system will provide historical information on budget work sheets such as:

- . Actual amount expended or received in the prior fiscal year,
- . The amount budgeted in the present fiscal year,
- . The amount expended through six months of the current fiscal year, and
- . An estimate of the amount that will be expended in the current fiscal year.

The budget work sheets in the FAMIS budget preparation sub-system provide columns for both departmental requests and the Mayor's recommended budgets. Both the departmental request and Mayor's recommended columns allow for alternative levels of service for any given line item of the budget. This permits the structuring of a budget which, for example, reflects the same level of expenditure as last year (alternative 1), a level lower than last year (alternative 2), and a level exceeding last year (alternative 3). Alternatively, the three levels could all reflect either levels higher than or lower than last year. If only one level of service is desired for analysis during these stages of the budget preparation cycle, the other two levels can easily be left unused. Since by charter the Mayor and Board can only reduce line items, these alternative levels of service columns in the Mayor's recommended columns would have to be presented as three levels of reduction.

In addition, the FAMIS budget preparation sub-system can accommodate budgeting for revenues at the particular organizational level desired.

The FAMIS budget preparation sub-system will not process detailed information regarding position classifications and related pay rates or individual equipment items. If the City desires to continue to maintain this feature as a part of their budget preparation process, these two current City systems will need to be modified to become stand-alone systems, then interfaced with the FAMIS budget preparation sub-system.

Budget Preparation Reporting

In FAMIS, since budget work sheets are posted each time the budget preparation system is run, reporting can take place at any time. Data is extracted based on various combinations of the information in the key to the budget worksheet file, then summarized and formatted into reports. Basically, there are two types of reports:

- . Turnaround documents serve as input documents for each successive iteration of the budget cycle.
- . Proposed budget reports are prepared by functions, programs, funds, organizations and various levels of detail.

Reports are generated by a table-driven report writer that allows the user to extract data and format the output in many variable combinations. Other than the file maintenance and edit/posting reports, there are no hard coded reports in the budget preparation system. All budget reports are produced by user definitions to the report writer.

Examples of possible reports using the report writer are shown at the end of this section. Not all the possible reports are shown because of the repetitive nature of the data.

BUDGET REPORTING

As discussed earlier in the section on responsibility center budgeting and reporting, a key element in such a system is the consistent reporting of actual results obtained on expenditures and revenues versus budget.

Reporting against budget in FAMIS is keyed to the appropriate responsibility center. At the lowest responsibility center, reports of actual versus budget can be obtained for detailed object of expenditure and revenue type. As information flows up the organization to higher level responsibility centers, this information can be summarized.

Section VIII, FIRM System Reporting Concepts, provides a more detailed explanation of this process and outlines illustrative report formats for reporting budget versus actual at both the detail and summary level.

Report Title: Budget Turnaround Document (901)

Purpose/Use: Serves as the input document for each successive iteration of the budget cycle.

Frequency: Annual

As many times as necessary in the budget preparation cycle

Distribution: Organization Managers (Department, Division and Section Heads)

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 901
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

BUDGET TURNAROUND DOCUMENT

FISCAL YEAR XXXX/XX

PRIMARY FUND XX GENERAL FUND
DEPT. XX POLICE
DIVISION XX FIELD OPERATIONS
BUREAU
SECTION XX PATROL DIVISION

*****HISTORY*****
FY 75 FY 76 FY 76
ACTUAL BUDGET 6 MO ACTUAL ESTIMATE

*R*E*Q*U*E*S*T*E*D*
CURR OPNS EXPANDED
AC AMOUNT AC AMOUNT

XXXXXX PERMANENT SALARIES
XXXXXX PART TIME SALARIES
XXXXXX OVERTIME SALARIES
XXXXXX ALLOWANCE FOR EMPLOYEE CAR
XXXXXX MAINTENANCE AND REPAIR OF
AUTO EQUIPMENT
XXXXXX EQUIPMENT

TOTAL SECTION
TOTAL DIVISION
TOTAL DEPT.
TOTAL PRIMARY
GRAND TOTAL

Report Title: Budget Summary by Major Service Area
(Function) (902)

Purpose/Use: Provides the Mayor and the Board of
Supervisors an analysis of budget
expenses by the highest order in the
program structure.

Frequency: Annual

Distribution: Mayor
Board of Supervisors

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

BUDGET SUMMARY BY MAJOR SERVICE AREA (FUNCTION)

FISCAL YEAR XXXX/XX

*****HISTORY*****		*****REQUEST DEPT. MAYOR REQUEST RECOMMEND SUPERVISOR APPROVE*****	
FY 75	FY 76	FY 76	FY 76
ACTUAL	BUDGET	6 MO ACTUAL	ESTIMATE

PUBLIC SAFETY
COMMUNITY ENVIRONMENT
HUMAN DEVELOPMENT
GENERAL GOVERNMENT AND
CENTRAL STAFF SERVICES

GRAND TOTAL

Report Title: Budget Summary by Division and
Character (903)

Purpose/Use: Provides the responsible division
and department heads with an analysis
of budgeted expenses by character.

Frequency: Annual

Distribution: Bureau Heads
Department Heads

FAMIS
RUN DATE XX/XX/XX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

BUDGET SUMMARY BY DIVISION AND CHARACTER

FISCAL YEAR XXXX/XX

DEPT. XX POLICE DEPARTMENT
DIVISION XX FIELD OPERATIONS
BUREAU
SECTION XX

*****HISTORY*****		*****REQUEST*****	
FY 75	FY 76	DEPT. REQUEST	MAYOR BOARD
ACTUAL	BUDGET	6 MO ACTUAL	ESTIMATE

XX PERSONAL SERVICES
XX CONTRACTUAL SERVICES
XX MATERIALS AND SUPPLIES
XX EQUIPMENT
XX

TOTAL SECTION
TOTAL DIVISION
TOTAL DEPT.

Report Title: Budget Detail by Section and Object
of Expenditure (904)

Purpose/Use: Provides the responsible section and
division heads with an analysis
of budget expenditures by object of
expenditure.

Frequency: Annual

Distribution: Organization Manager (Section and
Division Heads)
Controller
Mayor's Budget Office
Supervisors Budget Bureau

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
BUDGET DETAIL BY THIRD ORGANIZATION LEVEL AND OBJECT

FISCAL YEAR XXXX/XX

PRIMARY XX GENERAL FUND
DEPT. XX POLICE
DIVISION XX FIELD OPERATIONS BUREAU
SECTION XX PATROL DIVISION

*****	H	I	S	T	O	R	Y	*****	*****	R	E	Q	U	E	S	T	E	D	*****
FY 75	FY 76	FY 76	FY 76	FY 76	FY 76	DEPT.	MAYOR	BOARD											
ACTUAL	BUDGET	6	NO	ACTUAL	ESTIMATE	REQUEST	RECOMMENDED	APPROVED											

XXX PERMANENT SALARIES
XXX PART TIME SALARIES
XXX OVERTIME SALARIES
XXX MAINTENANCE REPAIR OF
AUTO EQUIPMENT

TOTAL SECTION
TOTAL DIVISION
TOTAL DEPARTMENT
TOTAL PRIMARY
GRAND TOTAL

VI - GENERAL ACCOUNTING CONCEPTS

As discussed in the previous sections, the FIRM System will perform the general accounting function for the City through the automated central accounting system, FAMIS. Other sections of this report describe FAMIS in general terms and in terms of the data processing concepts involved. This section relates the proposed accounting concepts of the FIRM System to the procedures currently followed by the City. Where applicable, it also relates the proposed accounting concepts to generally accepted accounting principles for local governments, for those principles will be followed in the new system.

The new system will perform several accounting functions for the City that together comprise the financial accounting system. While there are several different ways of classifying these functions as "transaction cycles", "applications", or "sub-systems", the following classification of major accounting functions is most useful for describing the San Francisco system:

- . Fund Structure
- . General Ledger and Chart of Accounts
- . Purchasing and Expenditure Cycle
- . Treasury and Cash Management
- . Grant Accounting
- . Revenue Accounting
- . Other Accounting Functions

In the remainder of this section, each of these areas is discussed. In each area, the City's current systems or procedures are reviewed, problems with the current system are highlighted, and the procedures to be followed in the FIRM System are described. This presentation will allow City financial managers to contrast the proposed procedures to current procedures, and to assess the impact of changing to the new system effective July 1, 1978.

FUND STRUCTURE

Fund accounting is the basic accounting principle to be followed by FAMIS. This principle is described in the Audit Guide as follows:

The diverse nature of governmental operations and the necessity of complying with legal provisions require accounting systems unlike those

commonly used by commercial enterprises. Rather than establishing a single unified set of accounts for recording and summarizing all financial transactions, the accounts of a governmental unit are organized on the basis of funds or account groups, each of which constitutes a separate entity. Thus, the operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses.

The National Council on Governmental Accounting defines "fund" as "an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations."

Being a separate accounting entity, each fund is comprised of a set of self-contained, self-balancing accounts. Each fund operates independently under normal "double-entry" accounting rules (i.e., debits equal credits within each fund). Fund accounting is in agreement with the basic accounting concept of having a "separate accountable entity".

The following paragraphs describe the City's current fund structure.

Review of Current Fund Structure

There are three groups of funds in the current accounting structure: Current Funds, Capital Funds, and Trust Funds. Each has a specifically defined purpose as outlined below. Each group has its specific group of fund numbers, account numbers, and appropriation index numbers. Currently there are 257 different funds in the General Ledger.

• Current Funds

These funds record the assets and liabilities, revenue and expenditures for transactions related to operations during the current fiscal year for all City functions. The largest is the General Fund (100). Other Current Funds include Museums, Parks, Library, the School District, and the Public Service Enterprise Funds (PSE) such as Water, Airport, Port and Municipal Railway.

• Capital Funds

These funds record the transactions related to the acquisition and improvement of the fixed assets of the City. Each Capital Fund represents a specific project or group of projects. Capital Funds are directly related to the Bond and other financing means which the City has created to finance the project.

Acquisition of land, construction of buildings, major reconstruction of streets, modifications or additions to such facilities as City Hall, the airport, park facilities, the Municipal Railway are examples of Capital Funds.

• Special and Trust Funds

There is a large group of funds which the City holds in trust for another agency, a group of persons or a specific purpose. There are three specific groups of Trust Funds.

- Public Trust Funds include Employees Retirement Fund, Employees Health Service Fund, special purpose gifts and bequests to the City.
- Private Trust Funds include all employee payroll deductions, refundable deposits and court bails, funds collected for such Social Service programs as family support collections, duplicate tax payments prior to refund, and bond and redemption funds for obligations of the Port, which the City assumed from the state.
- Agency Funds include the Redevelopment Agency Projects, Federal Economic Opportunity Council Funds, state and other agency (such as BART) taxes collected by the City for the specific agency.

In the General Ledger, the funds are numbered as follows:

Current Funds:	General	100
	Other Current	601-699
	Public Service Enterprise	701-775
Capital Funds		801-899
Trust Funds		901-999

Summary of Problem Areas

The following paragraphs describe the major problem areas with the City's current funds structure.

- . The current fund structure (classification of funds into current, capital and trust) does not conform to generally accepted governmental accounting principles as recommended by the National Committee on Governmental Accounting.
- . The number of funds currently in use is excessive. Generally accepted governmental accounting principles call for establishment of only the minimum number of funds consistent with legal and operating requirements. The current fund structure has almost 300 individual funds. Many of these should be included as sub-funds or accounts within a fund.
- . By agreement and Charter requirement, the City maintains the accounts and funds of the two independently governed school districts. These funds are included in the "Other Current Funds" group. School District funds should probably be segregated from the City funds to reflect the fact that the City does not control these agencies.

Proposed Approach in FIRM System

In the FIRM System, self-balancing funds will be utilized that conform to generally accepted accounting principles. FAMIS has been designed to allow for the establishment of a fund structure at three levels, as follows:

- . Primary fund level relates to the broad fund groups defined in GAAFR and presented in published financial reports.

- . Sub-fund level provides a further breakdown of each fund group when additional detail is needed. For example, a Trust Fund may have sub-funds for each individual trust.
- . Project level provides a means of accounting for each project as a separate funded entity under a fund and sub-fund.

In the FIRM System, new funds will be established at the primary fund level to conform to generally accepted accounting principles. The City's current fund structure, with some modifications, will be established at the sub-fund level, as further breakdowns of the primary funds. The system will also provide for accounting for projects at a third level; this feature is discussed later in this section under "Project Accounting".

Generally accepted accounting principles call for the establishment of funds as follows:

1. The General Fund to account for all financial transactions not properly accounted for in another fund
2. Special Revenue Funds to account for the proceeds of specific revenue sources (other than special assessments) or to finance specified activities as required by law or administrative regulation
3. Debt Service Funds to account for the payment of interest and principal on long-term debt other than special assessments and revenue bonds
4. Capital Projects Funds to account for the receipt and disbursement of monies used for the acquisition of capital facilities other than those financed by special assessment and enterprise funds
5. Enterprise funds to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services
6. Trust and Agency Funds to account for assets held by a governmental unit as trustee or agent for individuals, private organizations and other governmental units
7. Intragovernmental Service Funds to account for the financing of special activities and services performed by a designated organization unit within

a governmental jurisdiction for other organization units within the same governmental jurisdiction

8. Special Assessment Funds to account for special assessments levied to finance public improvements or service deemed to benefit the properties against which the assessments are levied.

In addition to the above funds, it is customary in governmental accounting to record general fixed assets and the long-term portion of long-term debt in what is known as a group of accounts. The purpose of this group of accounts is to account for all fixed assets under governmental jurisdiction which are not accounted for in Enterprise or Intragovernmental Service Funds, and for the amount of unmatured long-term indebtedness. These groups of accounts are not considered funds per se, but rather a memorandum of the long-term nature of these items.

These principles will be followed at the fund level in the FIRM System. Appendix A of this report shows the new primary funds that will be established at the primary fund level and shows the current City funds as sub-funds within each primary fund.

GENERAL LEDGER AND CHART OF ACCOUNTS

The General Ledger is the primary accounting document of the City. It contains accounts that reflect the assets, liabilities, revenues, expenditures, and fund balance of the various funds of the City. The General Ledger is supported by subsidiary ledgers that provide additional detail for transactions such as revenue receipts and expenditures. The chart of accounts is the numerical structure for the General Ledger.

Review of the Current General Ledger and Chart of Accounts

The following paragraphs describe current procedures for maintaining the General Ledger for the City, for closing the accounting records at year-end, and for maintaining a chart of accounts to support the General Ledger. The description of current procedures is organized as follows:

- . Purpose of the General Ledger
- . Structure of the General Ledger
- . The General Journal
- . General Ledger Problem Areas

- . General Ledger Closing Process
- . Problems with the Current Closing Process
- . Review of the Current Chart of Accounts
- . Chart of Accounts Problems

Purpose of the General Ledger

The General Ledger is the primary document of the accounting structure of the City and County. In it are recorded the results of all financial transactions taking place in the governmental unit. From the General Ledger all reports setting forth the financial position of the City are drawn.

The appropriation ledger, which is the primary control document for all transactions, is a subsidiary ledger to the General Ledger.

All financial transactions of the City eventually flow through the Controller's office for authorization and processing. These transactions are summarized on a monthly basis into a series of general journal entries reflecting transactions by General Ledger account and fund. These journal entries are closed on a monthly basis into the General Ledger.

Revenue reports are produced monthly. Certain accruals are recorded every three months, and a quarterly report showing financial position is prepared.

The summation of all transactions during a fiscal year becomes the basis of the Controller's Annual Report and Statement, which reports to the public the financial position of the City at the end of the fiscal year and the revenue and expenditure of the fiscal year.

Structure of the General Ledger

The General Ledger is maintained by the Accounts and Reports Division in numerical order by account. Because of the physical size of the document, it is split into several volumes.

Entries are recorded in chronological order, first by total and then by fund or control object on smaller insert sheets appended to the control account sheet. Debit entries are made in black or blue pen. Credit entries are made in red and memo entries are made in pencil.

Any correction to the General Ledger, other than for posting in the ledger itself, must be made by a subsequent journal entry.

The General Journal

The general journal is a document comprising all of the journal entries for the month. All transactions to the General Ledger must first be journalized as an entry in the general journal.

The journal entries in the general journal are summaries of the large volume of financial transactions taking place during the accounting month in the form of debits and credits to the affected General Ledger account.

There are five types of journal entries:

- . Annual Opening Entries
- . Annual Closing Entries
- . Routine Monthly Entries
- . Adjusting Entries
- . Corrective Entries

Except for routine entries (such as cash deposits and disbursements, warrants payable, recording encumbrances that have subsidiary transaction files, and reconciliation entries that have supporting worksheets), all journal entries require one or both of the following supporting documents:

- . Subsidiary Journal Voucher - This document can be prepared by any City personnel authorized to do so. It is a standardized medium for recording a transaction at summary or detail level that affects the General Ledger or subsidiary ledgers. All subsidiary journal vouchers are numbered, reviewed and approved in the Accounts and Reports Division, where they are kept by month as a supporting file to the journal entry.
- . Cash Transfer Voucher - This document is issued by the Accounts and Reports Division to record a transfer of cash between funds for the General Ledger and to authorize the Treasurer to transfer the cash between funds.

The routine monthly journal entries summarize most types of transactions for the General Ledger occurring in large volume. Each entry represents a type of transaction and is numbered the same each month. Several of these entries have been set up in groups of three to reflect transactions to the types of fund, current, capital and trust.

The following list outlines the type of transaction and the corresponding journal entries:

- . Cash Receipts - (JE 1, 2, 3)

Records the debits to cash and credits to revenue and other items.

- Cash Disbursements (JE 4, 5, 6)

Records payments by the Treasurer for warrants drawn by the Controller.

- Expenditures (JE 9, 10, 11)

Records the drawing of warrants by the Controller and liquidation of encumbrances.

- Bond Interest and Redemption (JE 14, 15)

Records requirements and payments.

- Encumbrances (JE 7, 16, 17)

Records the establishment of encumbrances and the related interdepartmental work order transactions.

- Liquidation and Distribution Entry (JE 20)

Records the distribution of charges made in Journal Entry 9 to the Purchaser's Clearing Account.

- Tax Collection (JE 8, 18, 19)

Records the collection of taxes, penalties and adjustments to the tax rolls.

- Subvention and Grant Entries (JE 29, 33)

Records special grant transactions for setting up programs prior to receipt of cash and subventions where cash is advanced prior to expenditure.

- Reconciliation (JE 12, 13)

Two routine entries are used to reconcile and adjust the expense and outlay and appropriation ledger to the General Ledger.

In addition to these routine entries, there are many adjusting and correcting entries made from subsidiary journal vouchers every month. Adjusting entries record transactions and distributions not recorded by the routine entries. Correcting entries are necessary due to many errors in the creation and posting of transactions.

General Ledger Problem Areas

In addition to problems with the chart of accounts, structure of funds and compliance with generally accepted accounting principles, the following problem areas exist in the present General Ledger.

- The system of monthly General Journal entries posted after the close of the accounting period does not provide timely information.
- The size and complexity of the accounts and funds in the General Ledger does not allow for monthly trial balances by fund.
- The general journal system of entries provides too many levels at which data is summarized before entry to the General Ledger.
- Automated accounting sub-systems that create subsidiary detail files to the general journal entries are not integrated with each other, creating a requirement to reconcile the various sub-systems.
- Manual posting and balancing is both time-consuming and error prone.
- Transactions as recorded in the routine entries do not capture the overhead costs associated with inter-departmental work order transactions. Large numbers of monthly adjusting entries are required to record and allocate these costs in the General Ledger.

General Ledger Closing Process

The closing process begins at the departmental level with the preparation of final transactions for the year. These transactions are recorded in the Controller's General Office in the Appropriation Ledger, the Warrant Register and in the General Ledger. After the items are balanced in the General Office, the closing process is completed in the Accounts and Reports Division, where the annual financial statements are prepared.

The Accounts and Reports Division takes these steps following the General Office closing:

- Reconciles subsidiary ledgers to the General Ledger.
- Adjusts or liquidates various interfund accounts.

- . Closes current operating accounts to fund balances.
- . Reclassifies certain items.
- . Sets up additions to the Fixed Asset Ledger.
- . Prepares accruals from departmental reports.
- . Prepares worksheet entries reconciling Public Service Enterprise balance sheets to the Controller's General Ledger and incorporating items not included in City accounts.
- . Reclassifies on worksheet entries the continuing inter-fund accounts to reflect payables and receivables.
- . Prepares trial balance.

Problems with the Current Closing Process

The following problems in the closing process have been identified:

- . It takes up to two months after the close of the fiscal year for the General Office to process all transactions, prepare the Warrant Register, Appropriation Ledger and journal entries for June.
- . When the routine journal entries for June have been prepared and entered, large volumes of correcting entries must be prepared and entered to correct prior entries.
- . When correcting and adjusting entries are sent to the Accounts and Reports Division, the workload becomes extremely heavy. At the same time, the new fiscal year has also started, and July and August transactions must also be recorded. In addition, the General Ledger becomes a physical bottleneck as only one person at a time can post across the three volumes.
- . Departmental accounting personnel are slow in preparing accrual estimates, adjusting subsidiary journal vouchers and reports required for the Controller to prepare the closing entries.
- . Departmental reports and entries must be reconciled to the Controller's control accounts. This may require detailed analysis of all transactions covered by the Accounts and Reports Division personnel.

- . The Controller usually waits until the external auditors for each Public Service Enterprise have completed their audits before including the various accruals and balances in the General Ledger. These are not available until October or November.
- . The lateness of the closing creates problems in filing the annual reports required by the State Controller by October 1.

Review of Current Chart of Accounts

The General Ledger is maintained by account numbers as set forth in the chart of accounts. The account number defines the class of account as an asset, liability, operating account, or fund balance. It also identifies the category of funds related to the account.

The first digit of each account number defines the category of funds as follows:

<u>Category</u>	<u>Account Numbers</u>
Current Funds	1000 to 1990
Capital Funds	3000 to 3990
Trust and Agency Funds	5000 to 6990

Each of the four classes of accounts is defined through the numbering scheme, as follows:

Assets

The asset group of accounts is defined by second digits in the account number 0, 1, 2, 3, 4. For example, "Land - Current Year" is account 1300.

Liabilities

These accounts are defined by a second digit of 5 and 6. For example, the account "Warrants Payable" is 1508; "Budget Transfers" is 1645.

Operating Accounts and Fund Balances

Both of these groups are numbered in the 900 series. Examples are the operating account 1910, "Current Revenues" and the fund balance account 1990, "Unappropriated Balances".

- Reserves and Deferred Credits

These accounts are defined by second digits 7 and 8. Examples are account 1710, "Reserve for Unsecured Taxes" and account 1830, "Subventions Received in Advance".

There are 105 account titles in the current chart, and 164 separate accounts due to the categorization of accounts by fund type.

Chart of Accounts Problems

Some of the major problem areas with the current chart of accounts are:

- The current chart includes designation of the fund structure in the account numbering structure.
- Contra accounts are not paired with the related asset or liability.
- Account titles do not always reflect the purpose of the account, particularly in the reserves and fund balances area.
- The distinction between budgetary and proprietary accounts is not clear.
- In order to comply with requirements of the Charter, some proprietary accounts of the Public Service Enterprises are included in the City General Ledger, but the full range of accounts required for enterprise accounting is not present.

Proposed Approach in FIRM System

In FAMIS, the General Ledger is the basic structure that holds all of the individual parts of the system together. Each of the "files" in the system is related to the General Ledger, and, as described elsewhere in this report, every input transaction updates the General Ledger in terms of doubly classified debits and credits.

For consistency in input and reporting, a uniform chart of accounts will be used for all funds except the Treasurer's Group of Accounts (pooled cash). Differences in the basis of accounting for various funds (e.g. modified accrual basis for general fund; accrual for enterprise funds) will be handled in the structuring of the transactions within the automated system. Following

present City practice, the chart of accounts will be structured based on the recommendations of the National Committee on Governmental Accounting and the AICPA. Accounts will be grouped by assets, liabilities, fund balances, and operating accounts. Each account will utilize a three digit account code.

The new uniform chart of accounts will contain accounts as follows:

- . Asset accounts,
- . Liability accounts,
- . Fund balance accounts,
- . Operating accounts, and
- . Clearing accounts.

Appendix G of this report contains the proposed uniform chart of accounts; it also provides a conversion from the proposed chart to the existing chart where possible.

The asset, liability, and fund balance accounts need no further explanation in this report, because they do not represent a significant departure from existing practices. The operating accounts and clearing accounts, however, require further explanation.

The Use of Operating Accounts in the FIRM System

Operating accounts are necessary to reflect the inflow and outflow of all budgetary resources. They show both the anticipated and actual inflow of all budgetary receipts and non-cash credits, both current and capital. They also show both the anticipated and actual outflow of all budgetary expenditures and non-cash charges. The table below depicts the operating accounts that will be used in the FIRM System:

Nature of the Transaction	<u>Inflow of Revenues</u>		<u>Outflow of Resources</u>		
	<u>Estimated</u>	<u>Actual</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrance</u>
Regular	401	411	420	431	440
Transfers	402	412	421	432	441
In-Kind	403	413	422	433	442

The budgetary operating accounts, which represent the anticipated operations for the City, will be used to compare financial plans with actual performance and conditions. These accounts can be used for any fund of the City which has receipts and expenditures.

Although the City does not currently account for in-kind items on a routine basis, the proposed system will provide this capability. The in-kind transactions are essentially "memo" transactions that should be used when necessary in grant accounting.

The in-kind operating accounts apply only to grant-in-aid projects. Many grant-in-aid agreements obligate the City to provide "in-kind" services in a stipulated proportion to the cash funding to be received from the grantor. To provide accounting control over such in-kind services and to show them on the project reports, the City would record expenditures attributed to projects as "in-kind expenditures" with an offsetting increase in "in-kind revenue". These would not be expenditure transfers; the actual "cash" expenditure would remain charged against the organization which made it while the "in-kind" entries would represent a double counting for project reporting purposes only.

Administratively, the head of each project would be responsible for notifying the Controller each month of any "in-kind" items related to the project. These typically would include time spent by City employees, supplies consumed, and equipment used. The accounting department would then make the appropriate entries in the project records.

The Use of Clearing Accounts in the FIRM System

In some cases, more than one FAMIS transaction may be required to completely record a financial event. Clearing accounts will be used to ensure that all companion transactions are made. To illustrate, take the case of cash receipts. Accounting for cash receipts involves two functions:

- . Recording cash deposited in the bank, and
- . Recording the distribution of deposits to various revenue and receipt accounts.

In the FIRM System, these two functions will be linked and controlled through an account known as the "bank deposit clearing account". Each bank deposit will be recorded intact by a transaction which debits the specific bank account in which the deposit was made and credits the bank deposit clearing account. Concurrently, other transactions will be recorded to debit the bank deposit clearing account and credit revenues, accounts receivable, refunds, etc., as appropriate.

This technique provides a good audit trail in that the deposit is recorded as a total which can be traced back to the deposit slip. Since the bank deposit clearing account should normally have a zero balance, any amount in the account indicates that not all of the deposit has been distributed correctly.

A total of five clearing accounts will be used in the system, as follows:

No.	Title	All Funds	Treasurer's
995	In-Kind Items Clearing Account	X	
998	Start of System Clearing Account	X	X
999	General Clearing Account	X	X
198	Bank Transfer Clearing Account		X
199	Bank Deposit Clearing Account		X
800	Payroll Clearing Account		X

In every case, the normal balance of the clearing account will be zero. A net debit or credit balance will indicate that a portion of the event has not been recorded properly.

PURCHASING AND EXPENDITURE CYCLE

The purchasing and expenditure cycle is the process that begins with a purchase requisition or other request for encumbrance and ends with the expenditure of funds. It therefore includes purchasing, accounts payable, and cash disbursements. Each of these elements of the purchasing and expenditure cycle is discussed in the following paragraphs.

Review of the Current Purchasing and Expenditure Cycle

Expenditures are incurred when goods are delivered or services performed in support of properly authorized City activities. Expenditures may only be charged against appropriations which have been passed by the Board of Supervisors. Appropriations are classified by fund and department (or bureau), fiscal period, and object of expenditure. These classification codes provide the major administrative tool for the subsequent budgetary control, accounting recordation, and management reporting of expenditure transactions.

City departments initiate requests for payment based upon obligations which they have incurred and forward them to the Controller's office. The Controller pre-audits each such request to assess its propriety in all particulars, verifies the adequacy of the supporting documentation, and "certifies" the availability of funds. A warrant is then issued and expenditure transactions are posted to the accounting records. Requests for payments may be issued against either an encumbered or unencumbered appropriation balance. The procedures under each circumstance are discussed below.

If the request is issued against an encumbered balance, then a prior obligation was incurred that created a contingent liability, which was recorded in the accounting records. The following accounting documents are issued in recognition of contingent liabilities and are utilized to encumber appropriated funds.

- Purchase Order - Issued by the purchaser of supplies to procure materials, supplies, and equipment requisitioned by City departments.
- Request for Allotment and Certification of Contract - Issued by City departments in recognition of those contingent liabilities arising from a formal legal agreement.
- Order for Service or Work - Issued by City departments when they are authorized to act as the contracting agency.
- Encumbrance Request - Issued by City departments to recognize those obligations for which other encumbrance documents are neither applicable nor practical.
- Interdepartmental Work Order - Issued in support of one City department for work to be performed by another City department.

Payment requests against these encumbrances are submitted on special liquidation documents as follows:

- Purchase Order - Material Received Report
- Request for Allotment and Certification of Contract - Contract Payment Authorization
- Order for Service or Work - Invoice Payment Document
- Encumbrance Request - Payment Request
- Interdepartmental Work Order - Departmental Invoice

Requests for payment are submitted against unencumbered appropriation balances when no prior obligation has been reflected in the accounting records. The Controller prepares and processes a series of warrants on a daily basis for the following payment requests:

- Request for Warrants - Used to authorize a direct expenditure in payment of a valid

obligation when time or unusual circumstances do not permit the City department to first obtain the Controller's certification through the encumbrance process.

- . Travel Expense Voucher - Used to authorize the reimbursement of expenditures incurred by City employers while traveling on official business on behalf of the City.
- . Revolving Fund Voucher - Used to reimburse City departments for those authorized expenditures which have been previously paid through an imprest fund.

Finally, there are three special warrant series which generate expenditure transactions in the Controller's office:

- . Payroll Warrants - Generated by the payroll system
- . Social Service Warrants - Generated by the case data system
- . Special Trust Fund Warrants - Provided by the sponsoring City department

The Controller records those transactions in three separate EDP ledgers: the vendor payment system, the appropriation ledger, and the warrant register.

- . Vendor Payment System - Encumbrance and encumbrance liquidation transactions are posted to the vendor master file which is maintained as an independently automated EDP system. This encumbrance master file is updated with each data input batch and provides positive control over all encumbrance transactions. The system automatically combines the payments for each vendor into one warrant and produces input data for the warrant register and appropriation ledger.
- . Appropriation Ledger - The annual appropriation ordinance constitutes the authority for the Controller to establish the annual appropriation accounts and schedules of monthly and quarterly allotments. All encumbrance and expenditure transactions are posted to the appropriation ledger

which provides the basic budgetary control upon which the Controller certifies the availability of funds prior to the issuance of warrants. The appropriation ledger also serves as the subsidiary ledger for the encumbrance and expenditure General Ledger accounts.

- Warrant Register - The warrant register records all warrants and departmental invoices issued by the Controller and forms the basis for the posting of these expenditure transactions to the General Ledger.

Summary of Problem Areas

The major problems identified in this area are briefly described below.

- The encumbrance master file is not linked to the appropriation ledger. When encumbrance and encumbrance liquidation transactions are posted to the encumbrance master file, EDP data decks are produced to post these transactions to the appropriation ledger. These data decks must then be forwarded to the appropriation control desk for separate posting to the appropriation ledger, and any resulting discrepancies must be reconciled. This process of sequential posting to separately maintained accounting files for encumbrance and encumbrance liquidation transactions is time-consuming and costly.
- The warrant register duplicates the posting entries to the appropriation ledger (and the encumbrance master file for encumbrance liquidations) at varying levels of summarization. The main purpose of this register is to provide a posting medium for the General Ledger. Thus expenditure transactions must be separately posted to a second (or third) subsidiary file within the framework of the routine posting process established in the Controller's office. This is an expensive and inefficient method of maintaining the accounting records.
- The General Ledger must also be posted separately from the monthly warrant register summarization.
- There is no automated check writing system for

direct payments. At the present time, these warrants are typed manually on a daily basis and posted individually to the warrant register (in order to produce a warrant listing) and the appropriation ledger.

- Separate manual or automated sub-systems are utilized to produce warrants for the following expenditure transactions:
 - Social services welfare payments,
 - Special trust fund payments,
 - Payroll disbursements,
 - Crippled children health roll payments,
 - Welfare vendor payments,
 - Tax collector's employee mileage reimbursements,
 - Medical payments to doctors, and
 - Special DPW truck hires.

These expenditure transactions are posted on a summary basis from various posting media which are not fully integrated into the existing expenditure accounting records in a consistent and timely manner. No systematic review has been performed by the City to assess the propriety of the type of posting medium employed, the level of summarization reflected in the accounting files, or the timeliness of the posting entries.

Proposed Approach in FIRM System

The existing flow of purchasing documents will remain much the same when the FIRM System is implemented. Departments will continue to prepare purchase requisitions and forward them to a central Purchasing Department in City Hall. These forms, however, will be redesigned. The buying procedures will remain essentially unchanged, as will the receiving procedures and the centralized matching of Material Received Reports (MRR's) and vendor invoices.

The booking of accounting transactions relating to this process will be significantly different. Data from purchase orders will be entered into the system at the time they are issued to establish encumbrances.

Every purchase order issued by the City is a commitment of funds and will be accounted for by an entry debiting encumbrances and crediting the contra account reserve for encumbrances. In the new system, purchase orders will be prepared on redesigned forms to permit the keypunching of standardized input data for FAMIS. New procedures will be established that will govern the way purchase orders are completed and the accounting data is coded.

The accounts payable and cash disbursement procedures will also be significantly different in the new system. When invoices are approved by the Purchasing Department and forwarded to the Controller's office for further processing, they will be "certified" (as they are now) and established as vouchers payable. The vouchers payable processing features of FAMIS allow the entering of a payment due date into the system to maximize the benefit of "float" from cash flow while still taking advantage of trade discounts.

At the time the expenditure is recorded and the voucher payable is established, the system will automatically liquidate the associated encumbrance. The amount of this encumbrance liquidation will depend on whether the receipt of goods represents the final action on the purchase order or is just a partial liquidation. In FAMIS, the entry to liquidate encumbrances will be automatically generated by the expenditure transaction. The amount of the liquidation will be automatically determined as follows:

<u>If the Encumbrance Balance Is</u>	<u>And the Expenditure Amount Is</u>	<u>And the Liquidation Is</u>	<u>Then the Amount Liquidated Is</u>
\$1,500	\$ 750	Partial	\$ 750
1,500	1,500	Partial	1,500
1,500	2,000	Partial	1,500
1,500	750	Final	1,500
1,500	1,500	Final	1,500
1,500	2,000	Final	1,500

The General Ledger account for encumbrances is supported in the document file. The record for each purchase order reflects all subsequent transactions against the purchase order.

When the payment date arrives, the applicable transactions will be forwarded to the Warrant Writing Sub-system of FAMIS. This sub-system will retrieve financial information and purchase order descriptive information (such as vendor name) from the central files of FAMIS, and will prepare a list of items to be paid. Included with this list will be an input document which the Controller's office will use to authorize payment of items on the list. When this input document is returned to FAMIS and processed, the Warrant Writing Sub-system will produce the warrants as

instructed. The system will also automatically notify the central FAMIS files that the payment has been made, and the system will automatically relieve the associated voucher payable.

The warrants produced by the system will include attached Remittance Advices that will contain descriptive data (such as invoice numbers) that identifies the purpose of the warrant.

TREASURY AND CASH MANAGEMENT

The Treasury function in San Francisco includes the custody and management of all cash resources of the City, except for revolving funds or imprest funds authorized in certain departments.

Review of Current Treasury and Cash Management Procedures

The Treasurer is responsible for the deposit of all cash items received by the City, the redemption of all warrants issued by the Controller, the management of cash to provide funds for redeeming warrants, the investment of funds not required to produce interest earnings, and the maintenance of a cash ledger detailing the cash balance of every fund.

In the following paragraphs, current procedures are described in the four major areas of cash receipts, cash disbursements, cash management, and cash account ledger.

Cash receipts are deposited on a timely basis. All cash items received by City officers must be deposited in the Treasury by the following day after receipt, either directly or through a deposit transfer account at a branch bank near the site of collection. Checks received are deposited to an active bank account for collection. The cash accounts of all funds are updated daily to record increases in cash balance on the Treasurer's cash ledger.

Cash disbursements are made through warrants drawn by the Controller on the Treasurer's funds. The Bank of America, the clearing house representative of the City, presents the warrants to the Treasurer twice daily for payment. The Treasurer then draws a check on the active account in payment of the warrants presented. Warrants may also be presented directly to the Treasurer by the bearer for currency. The Treasurer reconciles the bank

statement to the actual warrants presented on the same day and reconciles any differences within 24 hours. The Treasurer records disbursements by fund for the warrants cashed by fund. A card sorting machine is used for "hard" warrants, and a manual bookkeeping machine is used for "soft" warrants to record the warrant number, amount and fund. Disbursements are reconciled daily and recorded in the Treasurer's cash ledger by fund.

Cash management consists of the maintenance of sufficient cash to redeem warrants and the investment of excess cash. Cash not required for disbursement is invested in interest bearing financial instruments. These are prescribed by state law and include U.S. Treasury notes, Governmental Agency notes, Certificates of Deposit and Bankers Acceptances.

Cash management is accomplished through the on-line Moneymax system leased by the Treasurer which keeps inventory of all investment instruments, and when they mature, records all buy and sell transactions. The system produces a cash flow projection which provides the investment specialist with the information required to keep only the necessary cash in the active account and the balance earning interest income for the City. The cash flow projection in the Moneymax system is created from the daily receipts and disbursements records, and monthly reports from the state on anticipated cash disbursements to local agencies.

The Treasurer maintains an automated cash account ledger which records daily the transactions and balances of each City fund. Deposits, disbursements and cash transactions between funds are recorded in this cash ledger. Cash transactions between funds are authorized by the Controller who issues a Cash Transfer Voucher (CTV) to the Treasurer authorizing the transfer of cash from one fund to another. On a monthly basis, the cash management accounts, the currency on hand, the active deposit, and inactive or invested cash are reconciled and balanced to the cash account ledger.

Summary of Problem Areas

The following problem areas have been identified in the Treasurer's accounting, cash disbursements and cash management systems.

- The Treasurer's cash account ledger system (TRE) does not interface with the Controller's Encashed and Outstanding Warrants system (COW) or Revenue and Receipts System (CRS). Differences between system reports which impact on the General Ledger must be manually reconciled.
- The accounting records for cash in banks, invested cash, and currency on hand are independent of the Treasurer's cash ledger system, which accounts for cash by fund. These separate accounting procedures require monthly reconciliation.

- Although the Treasurer has the ability to produce accrued interest reports from the Moneymax system, such data is not incorporated into the City General Ledger.
- The cash flow prediction module is currently on the Moneymax system. The module is based only on the historical data for warrants cashed. The Treasurer currently receives no advance notice from the Controller of unusually large payments processed.

Proposed Approach in FIRM System

The new system will be designed to be compatible with the City's organization, which includes an independent Treasurer. FAMIS will provide the Treasurer with increased ability to account for cash resources under the pooled cash concept.

FAMIS incorporates the ability to pool all unrestricted cash and temporary investments for management purposes while maintaining separate accountability for each fund's share of the pool. The Treasurer's Group of Accounts is the device used to accomplish this.

Every fund which has pooled cash transactions will have an asset account entitled "Equity in Pooled Cash and Temporary Investments" which will be reciprocal to a fund equity account in the Treasurer's Group. To illustrate, assume that a revenue item applicable to the general fund is collected. The transaction to record the collection of revenue not previously billed would result in the following entry in the general fund:

Dr	Equity in pooled cash
Cr	Revenues

The same transaction would cause the following entry in the Treasurer's Group:

Dr	Cash in bank
Cr	General fund equity

Disbursements would be recorded in a similar fashion. For example, the payment of general fund accounts payable would be recorded by a general fund entry:

Dr	Accounts payable
Cr	Equity in pooled cash

The same transaction would cause the following entry in the Treasurer's Group:

Dr	General fund equity
Cr	Cash in bank

And the reciprocal relationship would thus be maintained.

Temporary investments purchased from pooled cash would be reflected in the General Ledger of the Treasurer's Group. Earnings on pooled investments may be periodically distributed to the various funds based on each fund's relative equity in the Treasurer's Group.

All computer-prepared checks for vendor payments will be drawn against a main disbursing account in the Treasurer's Group. Another use of the Treasurer's group is the accounting for payroll disbursements and payroll related liabilities. "Cash items" such as petty cash funds and travel advances also would be accounted for in the Treasurer's Group.

Pooled cash management has several advantages for the City:

- . A single, unified approach to recording receipts and disbursements reduces the number and complexity of cash transactions.
- . Automatic adjustment of fund equities eliminates the need for most bank transfers.
- . Greater investment potential should be possible.

Bank accounts which cannot be pooled because of restrictions in indentures, etc., will not be in the Treasurer's Group.

GRANT ACCOUNTING

Grant accounting is necessary to account for the expenditure of dedicated funds received from either the Federal or state government or other sources.

Review of Current Grant Accounting Procedures

Special procedures are currently utilized to account for Federal and state grant projects (other than subventions). The main objective of these procedures is to ensure that the City is fully reimbursed by the Federal or state granting agency for all of the expenditures incurred in support of grant project activities.

In order to accomplish this objective, the Controller has established two separate control functions within his office: the grant management function and the grant accounts receivable function.

Grant management is the responsibility of the grant section, which consists of three accountants who report to the chief of the Controller's General Audits Division. A plan to increase the staff to a total of six accounting personnel and separate the grant function from the General Audits Division is currently being implemented. This section performs the following grant management functions:

- . Establishes each grant project's operating appropriation accounts in accordance with the grantor's fiscal guidelines in order to provide for budgetary control and to facilitate expenditure reporting.
- . Assists City departments in initiating the proper accounting transactions in order to accurately reflect each grant project's fiscal activities in the Controller's financial records.
- . Pre-audits all accounting transactions (except revenue receipts) to verify their compliance with the grantor's project budget and to ensure that all expenditures incurred in support of grant project activities are fully reimbursable by the granting agency.
- . Monitors the closeout entries for each grant project to ensure that all adjustments have been properly completed, indirect costs have been properly realized (if applicable), and that all expenditures incurred have been fully reimbursed.

The second function, that of grant accounts receivable, is the responsibility of one accountant in the Controller's Accounts and Reports Division. This individual maintains a complete accounts receivable subsidiary ledger for all grant project accounts. He performs the following tasks:

- . Establishes a separate subsidiary ledger for each grant project.
- . Posts all receivable adjustments and revenue receipt credits to the subsidiary ledger.
- . Reconciles the subsidiary postings monthly with the General Ledger.
- . Verifies the final closeout adjustment to the subsidiary account.

The Controller has created a separate group of General Ledger accounts and objects of expenditure with which to identify and control grant accounting activities.

Grant project accounting procedures begin after a grant has been officially awarded to the City by a Federal or state agency.

Grant accounting procedures must include accounting for matching funds that may also be included in a grant project's budget. There are three different types of matching funds:

- . In-Kind Match - Resources which are budgeted in the City's annual Appropriation Ordinance, but which are not specifically identified for use by the grant project. In-kind resources may also be provided by an outside agency associated with the project. All such contributions are separately documented in order to support the fiscal reporting requirements of the grant projects.
- . City Cash Match - Resources which are budgeted in the City's annual Appropriation Ordinance and which are specifically identified as grant project funds.
- . Outside Cash Match - Cash resources provided by an outside agency. These funds are deposited against a deferred credit appropriation which identifies the specific grant project in support of which the funds are budgeted by fiscal year, sponsoring department, and sequential project identification number.

If a grant project is partially funded from City or outside source cash matching resources, then the sponsoring department must also prepare a work order to pool all of the project resources into one series of operating accounts.

After a grant has been awarded, the sponsoring City department prepares a subsidiary journal voucher (SJV) to establish an accounts receivable and appropriation allowance for the amount of the award.

The following documentation is required to support the establishment of a grant in the accounting records:

- . An adopted Board of Supervisors resolution authorizing the sponsoring department to apply for and accept the grant funds.
- . An adopted Board of Supervisors resolution authorizing acceptance of the matching funds if they are provided by an outside agency.
- . The complete grant award package signed by the granting agency.

After these accounting documents have been approved by the grant section, they are forwarded to the Controller's General Office for posting.

Once the grant accounts have been posted, encumbrance and expenditure documents are initiated by the sponsoring department as obligations are incurred. All such transactions are pre-audited by the grant section for conformance with the grant project budget and the granting agency's fiscal guidelines prior to final certification in the General Office.

The City is normally reimbursed periodically on the basis of expenditure reports submitted by the sponsoring department in accordance with the guidelines of the granting agency. The checks are forwarded directly to the sponsoring department which then deposits the funds in the City Treasury. The resulting accounts receivable credits are posted to the subsidiary ledger as indicated above.

After the grant project has been completed or the budget expiration date has elapsed, the sponsoring department initiates the final closeout transactions as follows:

- . A final expenditure report is prepared and forwarded to the granting agency.
- . Budgeted indirect costs are recognized by charging the grant accounts and crediting the unappropriated surplus.
- . The total of the cash reimbursements received is aligned with the total of the expenditures incurred in support of the project.
- . A departmental invoice is prepared to return the expenditures to the original grant and matching appropriations.
- . A final closeout SJV is prepared which reverses the results of the previous entries and completes the grant accounting process.

Summary of Problem Areas

Several problem areas in grant accounting have been identified. These are discussed below.

- . Grant projects are neither appropriated nor reported in the annual budget adoption process. Rather, they are reviewed on an individual basis throughout the year as grant applications are submitted for review by the sponsoring department. As a result, the financial plan adopted by the Board of Supervisors excludes a significant portion of the total financial resources utilized by the City to fund program activities.
- . The grant accounts receivable subsidiary ledger is maintained manually based on a separate number sequence which does not relate to the grant project identification number. Since the revenue and expenditure information is not linked in an automated system, there is no practical way to assess the revenue and expenditure information by project in order to monitor the flow of resources to the City.
- . The grant project subsidiary appropriation accounts are structured to provide budgetary control and financial reporting information in accordance with the fiscal requirements of the grant agency. As a result the financial information produced does not coincide with the City's classification structure and thus cannot be directly compared or summarized with the financial data produced by other related programs.
- . When a work order is utilized to pool the grant resources into a single series of operating accounts, the subsequent expenditures are classified as deferred charges until the work authorization accounts are liquidated upon completion of the grant project. Thus the financial statements do not reflect the expenditures incurred in support of these projects until they have been completed.
- . When outside cash matching funds are deposited in support of a grant project, they are classified as a deferred credit and thus are not reflected in a fund balance.

- . In-kind matching resources which are budgeted in support of grant projects must be documented separately and filed with the grant files on an individual basis. These resources are not identified in the financial records.

Proposed Approach in the FIRM System

FAMIS is designed to permit detailed accounting for each grant on an individual basis. When grants are initially approved by the City, they will be established in FAMIS as separate funded entities. Each grantor will be established in FAMIS as a separate sub-fund, and each individual grant will be established as a project within the sub-fund.

Additional data about the grant will also be entered in FAMIS. Provision has been made for the entry of data regarding the grant description, the start date, end date, and other data.

The capability to account for grants in a separate fashion is an integral part of the FAMIS design; it is not a separate sub-system. The grant accounting procedures in FAMIS are the same procedures used to perform project accounting, with the exception that the grant accounting procedures also include accounting for "in-kind" revenue and expenses.

Many grant-in-aid agreements obligate the City to provide in-kind services in a stipulated proportion to the cash funding to be received from the grantor. To provide accounting control over such in-kind services and to show them on the project reports, the City will periodically record expenditures attributed to projects as "in-kind expenditures" with an offsetting increase in "in-kind revenue". These will not be expenditure transfers; the actual "cash" expenditure will remain charged against the organization which made it while the "in-kind" entries will provide double counting for project reporting purposes only.

Administratively, the head of each grant will be responsible for notifying general accounting each month of any "in-kind" items related to the project. These typically will include time spent by City employees, supplies consumed, and equipment used. General accounting will then make the appropriate entries in the project records.

Each grant will be reported separately by FAMIS. The two primary grant accounting reports are identified as Report No. 301 and No. 302 and discussed in Section VIII of this document.

REVENUE ACCOUNTING

In the discussion that follows, revenue accounting is defined to include the accounting control over the receipt of funds (both revenue

and non-revenue) and the accounting for revenue in subsidiary ledgers and the General Ledger.

Review of Current Revenue Accounting Procedures

The Controller has primary responsibility for revenue and receipt accounting. He must ensure that all of the cash receipts which are accumulated by City departments are properly documented and recorded in the appropriate accounts. The Treasurer is responsible for the custody of cash assets.

Two basic source documents are utilized to record the receipt of cash:

- Fee Tags - Fee tags are pre-numbered receipt forms which are used to establish accountability for cash when it is initially received. In general, all receipts which are received by City departments are recorded on fee tags.
- Deposit Sheets - Deposit sheets are accounting documents which record the receipts accumulated by City departments and indicate the resulting transactions to be posted. Deposit sheets are the basic accounting documents from which transactions are posted to the revenue master file and appropriation ledger.

The master revenue file, an automated EDP sub-system, is the system by which the Controller accumulates revenue receipt transactions. This file is created by the five digit receipts classification code which identifies receipts by type and source. The revenue estimates upon which the budget appropriations are based are loaded into the master revenue file from the budget master file when the budget has been adopted. The resulting system provides a working revenue file for daily processing and produces periodic reports of budget estimates, modifications, cash receipts, revenue adjustments, and other related information. The master revenue file also serves as the revenue receipt subsidiary ledger and produces the posting medium for the monthly cash receipts journal entries.

Five basic types of accounting transactions are generated by a receipt of cash resources by a City department. These are:

- Revenue Receipts - Funds received for which revenue was accrued in the annual budget process. These receipts are credited to revenue and posted to the automated revenue subsidiary ledger.

- . Non-Revenue Receipts - Funds received for which revenue has not been accrued. All such receipts are also posted to the automated revenue subsidiary ledger.
- . Accounts Receivable Receipts - Funds received in payment of an account receivable. These receipts are posted manually to separately maintained subsidiary ledgers.
- . Direct Deposits - Funds received which are credited directly to appropriation allowances. These receipts are separately posted to the appropriation ledger.
- . Refunds - Funds returned because of an over-payment or in settlement of a contract on which an initial advance was made. These transactions are credited to expenditure accounts and are also posted separately to the appropriation ledger.

The basic accounting for receipts is performed by the revenue section of the Controller's General Office as follows:

- . City departments prepare fee tags as cash is received and accumulate the accounting data on deposit sheets on a daily basis.
- . The cash receipts are deposited with the Treasurer no later than the following business day. At the same time, copies of the fee tags are forwarded to the Controller's office.
- . The Treasurer verifies the receipts against the deposit sheet and forwards copies of the deposit sheet to the Controller's office the following day.
- . The revenue section matches the fee tags with the deposit sheets in order to verify the initial accountability for all funds received. Direct deposits and refund transactions are then recorded on separate coding sheets for posting to the appropriation ledger. The total of the receipts recorded on the deposit sheets is matched with the Treasurer's cash balance on a daily basis. After these totals

are reconciled, the deposit sheets are batched and forwarded to EDP for posting to the revenue master file.

- . EDP prepares a data deck from the deposit sheets and posts to the revenue master file. Daily reports of receipts by fund and by depositing department are produced and returned to the Controller's office with the deposit sheets.
- . The revenue section matches the revenue report by fund with the Treasurer's daily cash count and the revenue report by depositing department with the batch total of the deposit sheets. This completes the daily processing cycle for cash receipts transactions.
- . On a monthly basis, EDP produces a monthly receipts distribution report from the revenue master file and forwards it to the Controller's office.
- . The revenue section matches the Treasurer's monthly balance sheet with the monthly receipts distribution report and forwards the report to accounts and reports for posting to the General Ledger.

Summary of Problem Areas

Four major problems currently exist in the procedures for accounting for revenue transactions. These are:

- . The revenue master file is maintained independently from the appropriation ledger. As a result, direct deposit and refund transactions must be posted separately to the appropriation ledger. This procedure amounts to duplicate posting of a single accounting transaction.
- . Accounts receivable subsidiary records are maintained independently from the revenue master file. Accounts receivable receipts must be posted both to the accounts receivable subsidiary ledgers, which are maintained manually, and to the revenue master file. The General and subsidiary ledgers must then be periodically reconciled. This duplication and manual reconciliation is time-consuming.
- . The General Ledger must be manually posted from the monthly receipts distribution report.

- . No transaction codes currently exist to return expenditure credits to the encumbered column of a department's appropriation account. Thus a subsidiary journal voucher must be prepared for each contract refund in order to reencumber these funds.

Proposed Approach In the FIRM System

Revenue accounting procedures in FAMIS will be similar to current procedures. Fee tags and deposit sheets will continue to be used to record revenue receipts as currently done, but they will be redesigned to provide for the coding of revenue data in machine-readable form for input to FAMIS.

The revenue master file currently maintained on an automated basis will be replaced by FAMIS. FAMIS will also perform accounting for accounts receivable receipts, eliminating the need for the current manually maintained accounts receivable subsidiary ledgers. The General Ledger will be automatically updated by each revenue transaction.

FAMIS follows generally accepted accounting principles with respect to the accrual of revenue (and the recognition of expenditures) for various fund types. The accrual basis of accounting is recommended for Enterprise, Trust, Capital Projects, Special Assessment and the Intra-governmental Service Funds. For the General, Special Revenue and Debt Service Funds, the modified accrual basis of accounting is recommended. The modified accrual basis of accounting is defined as that method of accounting in which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for material or available revenues that should be accrued to properly reflect the taxes levied and the revenues earned.

Under the modified accrual basis, revenues are recorded as cash is received, except for (1) revenues that are susceptible to accrual, and (2) revenues of a material amount that have not been received at the normal time of receipt. Being susceptible to accrual means those revenues that are both measurable and available. In substance, available means that the item is a resource that can be used to finance the governmental operations during the year. That is, it is part of the budget. Revenues that generally are not considered susceptible to accrual include those that are generated on a self-assessed basis, such as income taxes, gross receipts taxes and sales taxes. Normally, such taxes would be recorded as revenues when received. Under the modified accrual basis, expenditures are recorded on an accrual basis, except for such items as inventories, which may be considered as expenditures at the time of purchase or at the time the items are used.

Revenue accounting in FAMIS will require an interface between FAMIS and those departmental billings systems that are responsible for revenue generation. Examples of these systems are the Water Department billing system and the Department of Public Health's billings for Medicare and Medical reimbursements.

OTHER ACCOUNTING FUNCTIONS

Other accounting functions will be performed by FAMIS in addition to those discussed above. Several of these are discussed in the following paragraphs.

Fixed Asset Accounting

The City currently records fixed assets in a fixed asset ledger when capital expenditures are made. This procedure will be followed in a similar fashion with FAMIS.

All expenditures, whether operating or capital, are recorded in the same fashion: a debit to expenditures with an offsetting credit to accounts payable or cash. Expenditures for capital outlay items, however, also must be capitalized in the General Fixed Asset Group of Accounts. In FAMIS, the same transactions will be used for both capital and non-capital expenditures; FAMIS will automatically make the required secondary entry to record the capitalization of those items with capital outlay object codes. In this way, General Ledger control totals are maintained for each class of fixed asset corresponding to the capital outlay objects.

The existing supporting detail records maintained off-line will be unchanged by FAMIS.

Computer Generated Transactions

There are some transactions which require multiple debit/credit actions to satisfy an accounting condition. It is not always possible to fully define these actions in the decision table due to physical limitations and design logic techniques. It is possible, under certain conditions, to indicate that an additional transaction is required, and to encode its number in the decision table. As a result, the transaction is system generated. This technique is utilized when possible to eliminate the need of manually encoding additional transactions.

There are three limitations which must be considered before this technique may be used:

- The generated transaction must be able to obtain classification data from the initiating transaction.
- The decision table file must contain an associated record for the generated transaction's number.
- The decision table file must contain the record for the generated transaction prior to the introduction of the initiating transaction on the input transaction coding form.

A common example of the use of the computer generated transaction technique is the entry to record the liquidation of encumbrances.

Reversals

The reversal technique is used to correct errors previously entered into the system. These errors are corrected by reversing the original transaction that contained an error and entering a correct transaction. To reverse the incorrect transaction, an input coding sheet is encoded similar to the original entry except an R is also entered. The position which is available for the R is left blank for all normal transactions.

In algebraic terms the reversal can be viewed as the original transaction with all the signs changed. Thus, plus (debit) becomes a "negative debit" while minus (credit) becomes a "negative credit". This eliminates the effect of the original entry without overstating activity in the account the way a more conventional offset technique would.

Posting of Accounting Transactions to Multiple Funds

Depending on the nature of the event being recorded, some transactions may involve more than one fund. Two common examples are:

- Expenditures for fixed assets are recorded in the same manner as non-capital expenditures and, in addition, must be reflected as additions to the general fixed asset group of accounts (debit the specific asset account, credit investment in fixed assets). FAMIS identifies the need for this secondary entry based on information coded in the expanded index code. Non-capital expenditures have '00' encoded in the secondary

fund portion of the index code and no secondary entry would be made. Capital expenditures have a secondary fund of '94' (the general fixed asset group) and receive the secondary entry.

- Revenues for debt service are recorded in the same manner as other revenues and, in addition, must be reflected as adjustments to the amounts available and to be provided for debt service in the long-term debt group of accounts. FAMIS identifies the need for this secondary entry based on information coded in the expanded index code. Non-debt service revenues have '00' encoded in the secondary fund portion of the index code and no secondary entry would be made. Debt service revenues have a secondary fund of '95' (the general long-term debt group) and receive the secondary entry.

The secondary fund technique allows transactions to impact more than one fund when appropriate. By having the system determine the need for the secondary entry based on the presence or absence of a secondary fund in the expanded index code, the need for specialized transactions is avoided and the total number of transactions is reduced.

SUMMARY

This section has provided a discussion of current accounting procedures and associated problem areas together with proposed procedures to be followed under the FIRM System concept. This section will serve as a discussion tool for subsequent meetings with accounting personnel in various areas in the City. These meetings will be necessary in the early months of Phase II to refine the new procedures and develop solutions to the system design problems that always arise in a project of this type.

VII - PROGRAM ACCOUNTING CONCEPTS

A primary objective of the FIRM System is to provide a vehicle which will enable program managers at all levels and policymaking officials to focus their attention on the City's major resource allocation problems. The purpose of a program structure is to provide the framework for a rational approach to resource allocation. The program structure establishes the basic classification scheme for the marshalling of information required for budget review and administration, program analysis, policy formulation, and decision-making. The program structure, therefore, should highlight the City's fundamental missions and goals and the competing and complementary programs involved in achieving these goals. A program structure is also the link that connects the program planning process with the budgeting process and, ultimately, with program implementation.

PROPOSED PROGRAM STRUCTURE

It is proposed that the City establish a program structure that will generate information on five levels as follows:

- Major Service Area

This level defines the major missions of the City.

- Community Goal

This level represents major issues of concern to the City. It is at this level that the Mayor, Board of Supervisors, and top City officials would (1) express community goals; (2) develop long-range plans, and (3) establish priorities for the allocation of resources.

- Program

It is at this level that resources are allocated and measurable objectives are established. This level addresses the means to attain the City's goals and identifies key results. A program is output oriented. Generally, it should be defined within a single department in order specifically to assign accountability for key results.

- Activity

This level represents a specific kind of work that is usually performed by a division or section and focuses on the fulfillment of the program goal.

. Sub-Activity

A sub-activity is a component of an activity identifying, in greater detail, particular lines of work.

A proposed classification of government services by major service areas (functions) and community goals (programs) is included in Appendix D. A more detailed hierarchical breakdown for the "Public Safety" major service area appears in Exhibit VII-A, and the coding structure for this service area is shown as an example in Appendix F.

Since the program structure must display the program alternatives of interest to City decision-makers, it is not possible to state there is only one "right" program structure. Generally, the program structure which the Mayor, Board of Supervisors, and City top management find most useful in making resource allocation decisions and pinpointing accountability for program results, should be the structure used. Therefore there should be significant involvement by the Mayor, Board of Supervisors, and top management in the development of the program structure and community goals. The FIRM System project staff will work closely with City personnel in the performance of the following tasks:

- . Identification of overall City missions and community goals;
- . Development and analysis of a number of alternative program structures;
- . Review of alternative program structures by the Mayor and Board of Supervisors, and
- . Development of the final program structure and statement of City missions and goals.

Relationship of Program Accounting
to Organizational Accounting

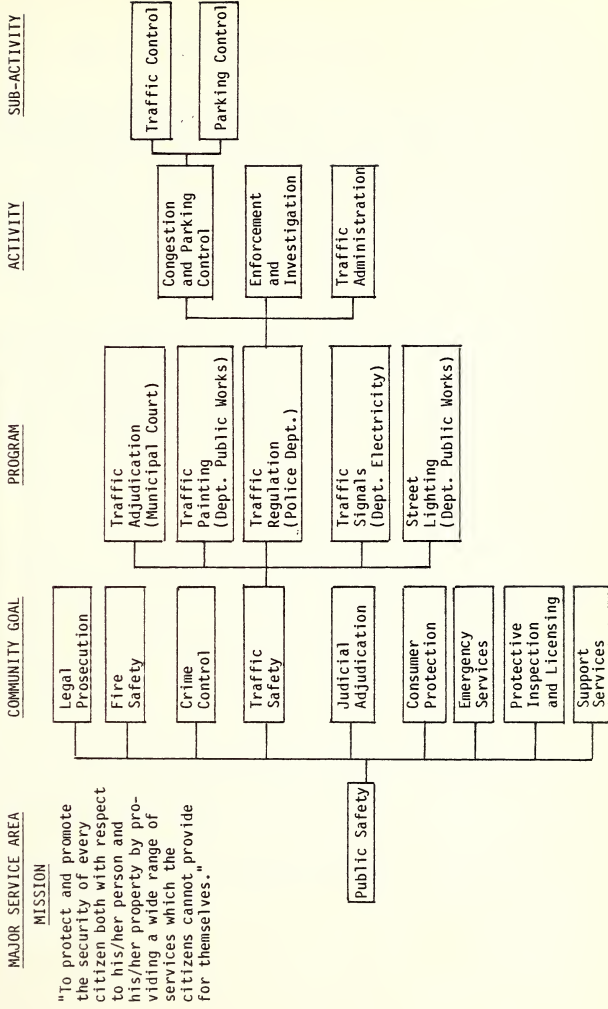
Program accounting provides for the accumulation of revenues and costs by program and serves as a basis of implementing full department-wide program budgeting. The program accounting structure will gather costs and revenues of programs across fund and departmental lines in order to aggregate these costs and revenues at the major service area and community goal levels.

An almost unlimited number of program cost centers may be established and costs, revenues, and work-hours may be reported by these categories. Units of accomplishment may also be reported and a unit cost may be developed for management analysis.

The chief advantage of this approach is that it makes it easier for those reviewing the budget to grasp the relative level of resources allocated to a particular program as compared to competing programs. Since the classification structure includes program and organizational classifications, it is possible to account for each department's participation in each program, community goal, and major service area.

Reports detailing costs within program elements are prepared for the program coordinators/managers. These reports assist the coordinators/managers to evaluate program effectiveness. Revenue is reported by program, project and work order. Summary revenue and cost information is reported to the program coordinator/manager. Samples of program reports are presented and discussed in Section VIII on reporting.

CITY AND COUNTY OF SAN FRANCISCO
TENTATIVE PUBLIC SAFETY HIERARCHY



VIII - FIRM SYSTEM REPORTING CONCEPTS

One of the most important capabilities of the FIRM System will be the regular and timely production of reports to City management. The management reporting features of the system recognize that a wide variety of information is required at various levels in the organization.

At the highest level, summarized information is required for policy and decision making. At other levels throughout the organization, information must be summarized at the level of detail needed by the department, division, or section manager. The system is designed to meet the information needs of these managers. In addition, the System maintains the accounting records, or "books", of the City, and produces reports.

This section of the report first discusses the hierarchy of information requirements in the City, and the four major types of reports produced by FAMIS that respond to these requirements. Each of the four types of reports is then discussed in some detail. Following the explanation of the reports is a discussion of the two methods of generating reports. The narrative portion of the section concludes with some comments on the importance of selective report generation. Following the narrative portion of the section, the professional report formats are presented and explained.

HIERARCHY OF INFORMATION REQUIREMENTS

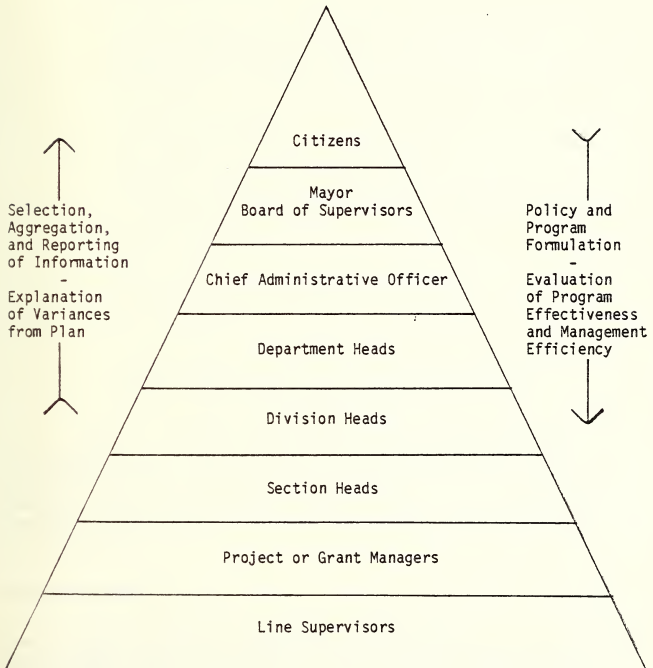
Conceptually, the City information requirements can be viewed as a pyramidal structure. This concept is illustrated in Exhibit VIII-A. The exhibit illustrates that different levels in the organization have different requirements for information. The individual grant manager, for example, needs detailed information regarding individual expenditures made against his or her particular grant in order to properly manage the grant budget. At a higher level, the responsible department head might be responsible for hundreds of individual grants. In his or her case, data for each individual grant would be summarized into a single report that shows the status of all grants at an aggregate level.

At the top of the pyramid are the citizens, whose needs provide the requirement for City programs, and the Mayor and Board of Supervisors, who set broad policy for City program planning. These people need summary information to assist in the allocation of scarce resources to competing demands. The information is developed, collected, submitted to FAMIS, and reported at lower levels in the organization.

In addition, City managers should focus on exceptions from budget or plan to improve performance. This management-by-exception concept is a key principle of the FIRM System.

CITY AND COUNTY OF SAN FRANCISCO

ILLUSTRATION OF HIERARCHY OF INFORMATION REQUIREMENTS



TYPES OF REPORTS

The many reports that will be produced by FAMIS can be grouped into four major categories that reflect their general purpose. These categories are:

- . Management Reports

These reports have been designed to meet the needs of the various levels of operating management in the City. These reports include summary reports for top managers and increasingly detailed reports for operating management.

- . Accounting Reports

These reports constitute the financial records, or "books", of the City. These reports will assist the Controller in complying with Charter requirements and preparing the annual financial statements.

- . Transaction Reports

These reports provide detail on the original accounting entries processed throughout the system.

- . File Listings

These reports show the data carried in the various master files - such as the vendor file and General Ledger account file - of the system.

Of all of these reports, the first two types are most important for purposes of this report. These are described in further detail in the following paragraphs, and sample report format exhibits are included at the end of this section. The transaction reports and file listings are less important at this stage in the system development. Samples of these reports, taken from a FAMIS system in another jurisdiction, are included for information in Appendix H.

MANAGEMENT REPORTS

The basic set of recurring management reports to be generated by FAMIS in San Francisco has been defined to include a series of 17 reports. Nine of these reports are summary in nature; eight are detail reports. These reports contain information on expenditures and encumbrances that is classified and presented to satisfy inquiries from individuals with several points of view. Each report, whether it shows information in terms of organizations, City-wide functions, or objects of expenditure, is in reality a presentation of the same information classified and organized differently. The broad categories of reports are:

- . Program
- . Organizational
- . Project
- . Fund
- . Appropriation
- . Revenue
- . Performance

Exhibit VIII-B shows the information content of the management reports, indicates whether they are summary or detail in nature, and shows the distribution of the reports to various management groups in the City. Pro forma examples of all of the management reports are included at the end of this section, together with a brief summary of the purpose or use of the report, its frequency, and its recommended distribution.

All expenditure operating reports follow the same general format: expenditures to date and outstanding encumbrances are compared with the revised budget and an available budget balance is computed. To provide a quick measure of the status of the budget, a percentage of budget expended and encumbered is computed and printed for each detail line. Sub-totals are printed for each series of related detail lines.

On a City-wide basis, the allocation of City resources to broad areas of service is shown by the Summary of Expenditures by Function (Report 101). Another report, Summary of Expenditures by Function and Program (Report 102), shows cost data on the major programs (such as Crime Control or Fire Safety) conducted within the broad functions (such as Public Safety). Functions and programs are supported by City departments, so a third report shows expenditures by program with detail on the expenditures incurred by the various departments that support the program. This report is entitled Expenditures by Program and Supporting Department (Report 103). A different view of program expenditures is shown in Expenditures by Program and Supporting Department's Activities (Report 104). This report shows expenditures classified by activity and sub-activity.

Organizationally, the reports have been defined based on the City's organizational hierarchy of Department, Division, and Section. The intent is to provide varying amounts of detail for review on an exception basis. The summary report for organizational expenditures is the Summary of Departmental Expenditures by Section (Report 201). A second organizational summary report, Summary of Departmental Expenditures by Section and Character (Report 202), shows the major line item expenditures (character of expenditure) for each section. The Report of Expenditures by Section and Sub-Object

CITY AND COUNTY OF SAN FRANCISCO
SUMMARY OF MANAGEMENT REPORTS
FINANCIAL ACCOUNTING MANAGEMENT INFORMATION SYSTEM

Category of Report	Information Content									
	Expenditures & Encumbrances (or Revenues) Compared to Budget by:									
Program	Nature Summary Detail									
	x	Function and Program								
	x	Function, Program and Department	x	x	x	x	x	x		
Organizational		Function, Program, Activity and Sub-Activity								
	x	Department, Division and Section								
	x	Section and Character	x							
Project		Section, Object and Sub-Object								
		Section, Activity, Sub-Activity and Sub-Object	x							
	x	Revenues and Expenditures by Project								
Fund		Project Revenue Detail and Expenditures by Sub-Object	x							
	x	Fund and Object								
Appropriation		Object and Fund								
	x	Fund, Department and Character								
Revenue		Fund, Department, Character, Section and Sub-Object	x	x	x	x	x	x		
	x	Source								
Performance		Revenue by Fund, Source, Type and Detail	x	x	x	x	x	x		
	x	Operating Statistics								

(Report 203) presents a Section's operations in terms of the standard City-wide object and sub-object codes. This report is a detailed report of expenditures by "line item". A fourth organizational report, Detail of Expenditures by Sub-Activity and Sub-Object (Report 204) presents sub-object detail organized by sub-activity.

The system will produce two major reports that focus on projects. The first is a summary report, Summary of Revenue and Expenditures by Project (Report 301), that shows revenue by source and expenditures by character for each project. It is backed up by a detail report, Detailed Revenues and Expenditures by Project (Report 302), that shows similar revenue and expenditure data, but at the next lower level of detail.

The system will also produce two reports that present expenditure data by fund. Both are summary reports. The first is the Summary of Expenditures by Fund and Object (Report 401), which shows all of the line item expenditures (objects of expenditure) for each fund. The second report, Summary of Expenditures by Object and Fund (Report 402), is a reformatting of the same information to show the expenditures made in each line item category by each fund.

Two appropriation status reports will be produced by the system. The first report in this category is entitled Expenditures by Fund, Department, and Character. This report is extremely important because it reports at the level of detail proposed for the new Appropriation Ordinance. In previous sections of this report, it is recommended that the Appropriation Ordinance be established at the departmental level (such as Police Department) and the character of expenditure level (such as personal services, commodities, etc.), rather than at the detail line-item level as currently done. This report would show the status of each appropriation item. A companion report, Detail of Departmental Appropriation by Section and Sub-Object (Report 502), shows the detailed line items (such as regular salaries, overtime, etc.) within each appropriation item.

In addition to the above expenditure reports, the system will produce two revenue reports. The first is a summary report entitled Summary of Revenues by Source (Report 601). This report shows the major sources of revenue (such as taxes or licenses and permits) for the City as a whole. A second revenue report, Detail of Revenues by Fund, Source, Type, and Detail (Report 602), shows the detailed revenue line items for each fund.

The system will also produce performance reports. An example of such a performance report is Operating Cost and Statistics by Sub-Activity (Report 701). This report shows the unit cost of performing certain tasks. For example, the System can compute the cost per square feet of street resurfacing and report this information along with the manhours, the manhours per

unit, and the total cost of the activity. In order to produce performance reports such as this, additional input to the system is required over and above that required to produce all of the previously discussed reports. One can readily see that to produce this type of report the following requirements must be met:

- Personnel performing the work must report the number of units of work (such as square feet of street resurfaced) accomplished.
- Personnel performing the work must record and report the time spent each day on each activity such as pothole patching or street refurbishing.

The management reports discussed above are not the only reports that FAMIS is capable of producing. Flexible reporting is an important design feature of FAMIS. The multiclassification of data in FAMIS makes it theoretically possible to produce hundreds of different reports. Other sections of this report describe the way accounting information is processed under the single transaction concept. A single input of data, expanded by classifications retrieved from the index code table and update instructions retrieved from the transaction code decision table, is simultaneously posted to all relevant files. Reports are then produced by extracting data from these files and formatting it into reports. Therefore, all reports are transaction based; this means that no summary postings are required to allow the generation of reports.

Of course, not all of the feasible reports would be meaningful and practical; information should be selected in terms of the needs and level of responsibility of the users. The set of management reports discussed above and illustrated at the end of this section is that which is recommended for the City and County of San Francisco. The purpose of this report is to present these concepts to City managers for their analysis and for their determination as to whether these meet their information requirements. Critical review and feedback is an essential component of the system design process.

ACCOUNTING REPORTS

The management reports discussed above relate to the operating management of the City. The system will also produce a series of accounting reports that will facilitate the accounting and financial management of the City through the Controller's office. These accounting reports constitute the "books" of the City. The new system will replace the current manually prepared General Ledger and most subsidiary ledgers maintained in the Controller's office.

The accounting reports are structured based on the fund. Four trial balance reports are produced that show the year's beginning balance,

the debits and credits, and ending balance of each General Ledger account. These reports are intended to be produced on a regular basis (e.g., monthly or bi-weekly, but are available daily on a request basis. The first, Trial Balance of General Ledger Accounts by Fund (Report 801), is a summary report that shows each General Ledger account for each fund. It is backed up by a detail report that shows the same data for each sub-fund; this is entitled Trial Balance of General Ledger Accounts by Sub-Fund (Report 802). A third report, Trial Balance of General Ledger Accounts by Project (Report 803) shows the detail of each project for each General Ledger account number. The fourth report of this type, Trial Balance of General Ledger by Fund, Sub-Fund and Project (Report 804), shows General Ledger account detail for each individual project.

A fifth accounting report has been designed to show the documents that have been processed which affect individual General Ledger accounts. The Document Detail by Fund (Report 805) provides an audit trail from account balances back to the source documents that initiated accounting transactions.

The Subsidiary Report (Report 806) provides detailed information about transactions that occur in General Ledger accounts that have subsidiary ledgers associated with them. For example, an investments account might have a subsidiary ledger that contained detailed information about each individual investment. This data would be reflected in the description column of the Subsidiary Report.

The Statement of Estimated and Actual Revenues (Report 807) provides information concerning the receipt of estimated revenue from the various sources. The current period is compared to the same period of the previous year to highlight significant variances from pattern.

As a final audit trail, a complete detail of every transaction posted against every General Ledger account is included in:

- General Ledger Account Analysis by Fund
(Report 808)
- General Ledger Account Analysis by Sub-Fund and Project
(Report 809)

The reports discussed above constitute a complete set of general and subsidiary records and provide the basis for the preparation of audited financial statements.

TRANSACTION REPORTS

Each day's business processed through the system is reported in a series of transaction reports. The purpose of these reports is to provide detailed back-up information for the other reports and to establish an audit trail. Samples of these transaction reports are included in Appendix H.

Transactions which are rejected during the edit phase of processing and sent to the batch correction file are reported on the Batch Error Listing (Appendix H-1). Beside each rejected transaction are error message codes that identify the reason(s) for the reject. Those transactions which passed the edits and which updated the files are shown on the Daily Listing of Posted Transactions by Batch (Appendix H-2). Any transaction which would cause an overexpenditure of available funds will have a warning flag printed beside it.

Three daily registers are also printed to show specific types of documents processed:

- Purchase Order Log (Appendix H-3)
- Voucher Register (Appendix H-4)
- Warrant Register (Appendix H-5)

Finally, a Daily Statement of Treasurer's Accountability (Appendix H-6) is printed to show the activity in and status of bank accounts, temporary investments, and other accounts in the Treasurer's Group.

FILE LISTINGS

The fourth set of reports provides the City with a print-out of the nonfinancial information contained in the various files of the system. These are important reference reports since the files will be continuously updated as circumstances change. For example, when new vendors are added to the City's list of companies that provide goods or services to the City, the names and other information about these vendors must be added to the vendor file. A report showing the contents of this file is called a file listing.

The file listings for the System in San Francisco are listed below. Examples of these listings are shown in Appendix H. They are:

- Index Codes by Section (Appendix H-7)
- Decision Table Entries on File (Appendix H-8)
- Numerical Listing of Index Codes (Appendix H-9)
- Subsidiaries on File (Appendix H-10)
- Vendors on File (Appendix H-11)
- Projects on File (Appendix H-12)
- Report Titles on File (Appendix H-13)

METHOD OF GENERATING REPORTS

Two basic methods will be employed in FAMIS to provide the various types of financial information maintained in the computerized system. Reports that are required on a regular basis (i.e., daily, weekly, or monthly) will be generated by specific report programs. These are the reports that have been discussed in this section.

Special information needs of City management will be provided for through the use of a report generator sub-system. The use of this sub-system will enable City management to access any of the system data files and select the desired information. This will allow FAMIS to respond to special information requests in a timely manner. It will also provide the means of formulating some of the schedules contained in the Controller's monthly and annual financial reports which, because of their specialized nature, do not warrant the development of specific report programs to cause their production.

The availability of a report generator sub-system is an important feature that will be critical to provide significant additional benefits from the new accounting system. Unless City personnel have access to such a capability and are trained in its use, significant manual effort would need to be expended to develop the necessary information.

THE IMPORTANCE OF SELECTIVE REPORT GENERATION

With the introduction of computerized information systems, one significant reporting problem has been replaced with another. In the past, a problem resulted from having insufficient information. Now, however, there exists a potential problem resulting from the availability of an overabundance of information. Therefore, one of the most basic problems in designing reporting systems is providing management with the clear and concise information necessary to ensure the proper functioning of their particular operation without providing them with unnecessary or excessively detailed information. To be justifiable, management reports must be useful, not merely informative. A listing of large quantities of data is generally neither useful nor informative.

A reporting system must serve all levels of management to be effective. In doing so it will provide the base upon which to build an efficiently functioning total management system. In serving all levels of management, the principle of selective aggregation and reporting of data must be followed in order to avoid an overabundance of reports. The report series presented in this section follows this principle.

Report Title: Summary of Expenditures by Function (101)

Purpose/Use: Provides a management overview of the allocation of resources to major program areas or functions.

Frequency: Monthly

Distribution: Board of Supervisors
Office of the Mayor
Chief Administrative Officer
Controller

Report Title: Summary of Expenditures by Function and Program (102)

Purpose/Use: Provides a management overview of the allocation of resources to individual programs within major program areas or functions.

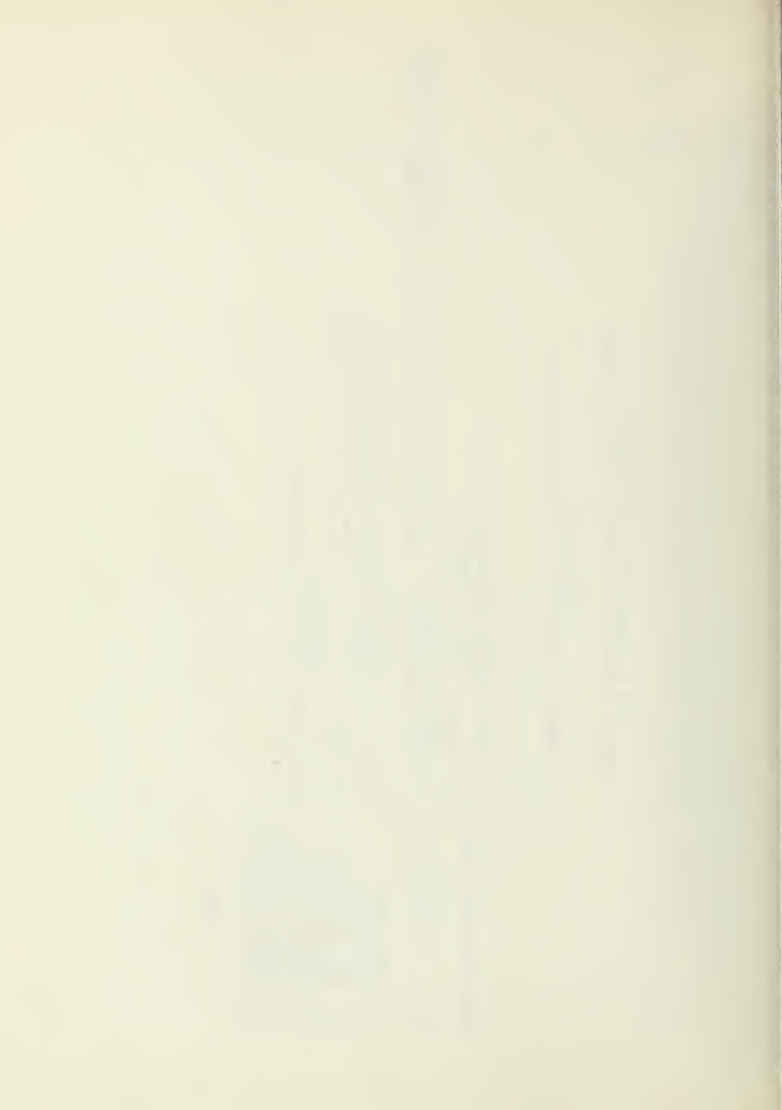
Frequency: Monthly

Distribution: Board of Supervisors
Office of the Mayor
Chief Administrative Officer
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PROGRAM REPORT
SUMMARY OF EXPENDITURES BY FUNCTION AND PROGRAM

FUNCTION 01 PUBLIC SAFETY		FISCAL MONTH XX	AS OF XX/XX/XX				
CODE	PROGRAM DESCRIPTION	% OF BUDGET	REVISED ANNUAL BUDGET	* * * * *	E X P E N D I T U R E S CURR MONTH CURR Y-T-D LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
11	CRIME CONTROL						
12	FIRE SAFETY						
13	TRAFFIC SAFETY						
14	LEGAL PROSECUTION						
15	JUDICIAL SYSTEM						
16	CONSUMER PROTECTION						
17	EMERGENCY SERVICES						
18	PROTECTIVE INSPECTION						
19	SUPPORT SERVICES						
TOTAL							



Report Title: Expenditures by Program and Supporting
Department (103)

Purpose/Use: Provides an analysis of expenditures by
individual program and by departments
supporting each program.

Frequency: Monthly

Distribution: Office of the Mayor
Chief Administrative Officer
Organization Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PROGRAM REPORT
EXPENDITURES BY PROGRAM AND SUPPORTING DEPARTMENT

FISCAL MONTH XX AS OF XX/XX/XX

FUNCTION 01 PUBLIC SAFETY
PROGRAM 18 PROTECTIVE
INSPECTION

CODE	DEPARTMENT DESCRIPTION	% OF BUDGET	REVISED ANNUAL BUDGET	** CURR MONTH	E X P E N D I T U R E S Y-T-D	** CURR Y-T-D	LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
XX	BOARD OF PERMIT APPEALS								
XX	BUILDING INSPECTION								
XX	CONSTRUCTION PERMITS								
XX	WEIGHTS AND MEASURES								
XX	AGRICULTURAL INSPECTION								

TOTAL

Report Title: Expenditures by Program and Supporting Departments' Activities (104)

Purpose/Use: Provides a detailed analysis of expenditures by supporting department and by specific activity performed, within each program.

Frequency: Monthly

Distribution: Office of the Mayor
Chief Administrative Officer
Organization Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PROGRAM REPORT
EXPENDITURES BY PROGRAM AND SUPPORTING DEPARTMENTS' ACTIVITIES

FISCAL MONTH XX AS OF XX/XX/XX

FUNCTION 01 PUBLIC SAFETY
PROGRAM 18 PROTECTIVE
INSPECTION

CODE	DEPARTMENT ACTIVITY SUBACTIVITY	% OF BUDGET	REVISED ANNUAL BUDGET	* * E X P E N D I T U R E S * *	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
			CURR MONTH	CURR Y-T-D	LAST Y-T-D	
XX	ELECTRICAL INSPECTION					
XX	PLUMBING INSPECTION					
XX	BOILER INSPECTION					
XX	COMMERCIAL INSPECTION					
XX	PLANS APPROVAL					
XX	RESIDENTIAL RECORDS					
XX	RESIDENTIAL INSPECTION					
XX	BUILDING INSPECTION					
	TOTAL					

Report Title: Summary of Departmental Expenditures
by Section (201)

Purpose/Use: Provides the department manager with an
overview of expenditures by organizational
units within the department.

Frequency: Monthly

Distribution: Organization Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ORGANIZATIONAL REPORT
SUMMARY OF DEPARTMENTAL EXPENDITURES BY SECTION

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT XX POLICE
DEPARTMENT
FUND XX GENERAL FUND

CODE	SECTION/DIVISION	% OF BUDGET	REVISED ANNUAL BUDGET	* * CURR MONTH	E X P E N D I T U R E S CURR Y-T-D	* * LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
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XX	HOMICIDE SECTION							
XX	ROBBERY SECTION							
XX	ASSAULT SECTION							

XX	PERSONAL CRIMES DIVISION							
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XX	NARCOTICS SECTION							
XX	PROSTITUTION & GAMBLING SECTION							

XX	VICE CRIMES DIVISION							
----	-------------------------	--	--	--	--	--	--	--

XX	POLICE DEPARTMENT							
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TOTAL

Report Title: Summary of Departmental Expenditures
by Section and Character (202)

Purpose/Use: Provides the responsible division and
section heads with an analysis of
expenditures by major category of
expense, within each organizational
unit.

Frequency: Monthly

Distribution: Organization Manager (Division and
Section Heads)
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ORGANIZATIONAL REPORT
SUMMARY OF DEPARTMENTAL EXPENDITURES BY SECTION AND CHARACTER

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT XX POLICE DEPARTMENT
DIVISION XX VICE CRIMES
DIVISION
SECTION XX NARCOTICS SECTION
FUND XX GENERAL FUND

CODE	CHARACTER	% OF BUDGET	REVISED ANNUAL BUDGET	** CURR MONTH	E X P E N D I T U R E S CURR Y-T-D LAST Y-T-D	* *	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
------	-----------	----------------	--------------------------	------------------	--	--------	----------------------------	----------------------

XX PERSONAL SERVICES
XX COMMODITIES
XX CONTRACTUAL SERVICES
XX CAPITAL OUTLAY

XX NARCOTICS
SECTION

XX VICE CRIMES
DIVISION

XX POLICE
DEPARTMENT

TOTAL

Report Title: Departmental Expenditures by Section
and Subobject (203)

Purpose/Use: Provides the section head with a
detail analysis of expenditures by
account.

Frequency: Monthly

Distribution: Organization Manager (Section Head)
Controller

THE CITY AND COUNTY OF SAN FRANCISCO

FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ORGANIZATIONAL REPORT

DEPARTMENTAL EXPENDITURES BY SECTION AND SUBOBJECT

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT XX PUBLIC SAFETY DIVISION XX VICE CRIMES DIVISION		SECTION XX NARCOTICS SECTION FUND XX GENERAL FUND		% OF BUDGET	REVISED ANNUAL BUDGET	** E X P E N D I T U R E S * * CURR MONTH CURR Y-T-D LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
CODE	SUBJECT/OBJECT CHARACTER							
XXX	GASOLINE							
XXX	MOTOR OIL							
XXX	TRANSMISSION FLUID							
	XXX FUEL, OIL & LUBRI- CANTS							
	XX COMMODITIES							
XXX	CAMERAS							
XXX	TAPE RECORDERS							
	XXX EQUIPMENT							
	XX CAPITAL OUTLAY							
	XX NARCOTICS SECTION							
	TOTAL							

Report Title: Detail of Section Expenditures by
Subactivity and Subobject (204)

Purpose/Use: Provides the section head with a
detail analysis of expenditures by
account within each specific activity.

Frequency: Monthly

Distribution: Organization Manager (Section Head)
Controller

FAMIS

RUN DATE XX/XX/XX

REPORT NO. 204
PAGE XXXXTHE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEMORGANIZATIONAL REPORT
DETAIL OF SECTION EXPENDITURES BY SUBACTIVITY AND SUBOBJECT

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT XX POLICE DEPARTMENT
DIVISION XX VICE CRIMES
DIVISION
SECTION XX NARCOTICS SECTION
ACTIVITY XX HEROIN TRAFFICKING
INVESTIGATION
FUND XX GENERAL FUNDCODE SUBOBJECT/SUBACTIVITY % OF BUDGET REVISED * * E X P E N D I T U R E S * * OUTSTANDING REMAINING
BUDGET ANNUAL BUDGET CURR MONTH CURR Y-T-D LAST Y-T-D ENCUMBRANCE BALANCEXXX SALARIES
XXX OFFICE SUPPLIES
XXX TELEPHONE

XX DEALER SURVEILLANCE

XXX SALARIES
XXX FORMS

XX ARREST & PROCESSING

XX HEROIN
TRAFFICKING

TOTAL

Report Title:	Summary of Revenues and Expenditures by Project (301)
Purpose/Use:	Provides the responsible project manager with a summary of revenues and expendi- tures by major category for the project to date.
Frequency:	Monthly
Distribution:	Project Manager Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PROJECT REPORT
SUMMARY OF REVENUES AND EXPENDITURES BY PROJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX TRUST & AGENCY
SUBFUND XXX CETA TITLE I
PROJECT XXXXXX SUBFUND
SUMMER YOUTH
EMPLOYMENT
PROJECT

CODE	DESCRIPTION	% OF BUDGET	TOTAL ALL YEARS BUDGET	* * REVENUES/EXPENDITURES CURR MONTH	* * CURR Y-T-D ALL YEARS	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
------	-------------	----------------	------------------------------	--	-----------------------------	----------------------------	----------------------

** R E V E N U E S **

XX CONTRIBUTIONS FROM
OTHER GOVT.'S
XX INTERFUND TRANSFERS
XX IN-KIND REVENUES

TOTAL REVENUES

** E X P E N D I T U R E S **

XX PERSONAL SERVICES
XX COMMODITIES
XX IN-KIND EXPENDITURES

TOTAL EXPENDITURES

RECAP: REVENUES LESS EXPENDITURES

Report Title: Detailed Revenues and Expenditures
by Project (302)

Purpose/Use: Provides the responsible project manager
with a detailed analysis of revenues and
expenditures by specific account for the
project to date.

Frequency: Monthly

Distribution: Project Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PROGRAM REPORT

DETAILED REVENUES AND EXPENDITURES BY PROJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX TRUST & AGENCY FUND

SUBFUND XXX CETA TITLE I

SUBFUND

PROJECT XXXXXX SUMMER YOUTH

EMPLOYMENT

PROJECT

CODE	DESCRIPTION	% OF BUDGET	TOTAL ALL YEARS BUDGET	** CURR MONTH	** REVENUES/EXPENDITURES CURR Y-T-D	** ALL YEARS	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
** R E V E N U E S **								
XXX	1976 GRANT FROM CETA							
XXX	1977 GRANT FROM CETA							
XXX	XX CONTRIBUTIONS FROM OTHER GOVT.'S							
XXX	TRANSFER FROM GENERAL FUND							
XXX	XX INTERFUND TRANSFERS							
XXX	SERVICES OF PERSONNEL DEPT.							
XXX	SERVICES OF PARKS DEPT.							
XXX	XX IN-KIND REVENUES							

TOTAL REVENUES

** E X P E N D I T U R E S **

XXX REGULAR SALARIES

XXX OVERTIME

XXX PERSONAL SERVICES

XXX SMALL TOOLS

XXX UNIFORMS

XXX COMMODITIES

XXX IN-KIND SALARIES

XXX IN-KIND USE OF EQUIPMENT

XXX IN-KIND EXPENDITURES

TOTAL EXPENDITURES

RECAP: REVENUES LESS EXPENDITURES

Report Title: Summary of Expenditures by Fund and Object (401)

Purpose/Use: Provides a summary of expenditures by account for each fund.

Frequency: Monthly

Distribution: Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

FUND REPORT
SUMMARY OF EXPENDITURES BY FUND AND OBJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND

CODE	OBJECT	% OF BUDGET	REVISED ANNUAL BUDGET	CURR MONTH	CURR Y-T-D	LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
------	--------	----------------	--------------------------	------------	------------	------------	----------------------------	----------------------

XXX	REGULAR SALARIES
XXX	OVERTIME
XXX	FRINGE BENEFITS
XXX	OFFICE SUPPLIES
XXX	MAINTENANCE SUPPLIES
XXX	UTILITIES
XXX	TRAVEL
XXX	BUILDINGS
XXX	EQUIPMENT

TOTAL

Report Title: Summary of Expenditures by Object and Fund (402)

Purpose/Use: Provides a summary of expenditures by individual account for each fund.

Frequency: Monthly

Distribution: Controller

FAMIS
RUN DATE XX/XX/XX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

FUND REPORT
SUMMARY OF EXPENDITURES BY OBJECT AND FUND

FISCAL MONTH XX AS OF XX/XX/XX

OBJECT XXX TRAVEL

OUTSTANDING
ENCUMBRANCE

LAST Y-T-D

* * * * *

E X P E N D I T U R E S

CURR MONTH CURR Y-T-D

% OF BUDGET

REVISED

ANNUAL BUDGET

CODE FUND

XX GENERAL FUND
XX SPECIAL REVENUE FUND
XX ENTERPRISE FUND
XX TRUST AND AGENCY FUND

TOTAL

Report Title: Expenditures by Fund, Department and Character (501)

Purpose/Use: Provides a summary of expenditures to date by fund and character, and corresponds to the appropriation ordinance.

Frequency: Monthly

Distribution: Organization Manager
Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 501
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
APPROPRIATION STATUS REPORT
EXPENDITURES BY FUND, DEPARTMENT AND CHARACTER

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND
DEPARTMENT XX POLICE DEPARTMENT

CODE	CHARACTER	% OF BUDGET	REVISED ANNUAL BUDGET	* * CURR MONTH	E X P E N D I T U R E S CURR Y-T-D	* * LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
XX	PERSONAL SERVICES							
XX	COMMODITIES							
XX	CONTRACTUAL SERVICES							
XX	CAPITAL OUTLAY							
TOTAL								

Report Title: Detail of Departmental Appropriation
by Section and Subobject (502)

Purpose/Use: Provides detailed analysis of expenditures by account for level of appropriation.

Frequency: Monthly

Distribution: Organization Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

APPROPRIATION STATUS REPORT
DETAIL OF DEPARTMENTAL APPROPRIATION BY SECTION AND SUBOBJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND
DEPARTMENT XX POLICE DEPARTMENT
CHARACTER XX PERSONAL SERVICES

CODE	DESCRIPTION	% OF BUDGET	REVISED ANNUAL BUDGET	* * CURR MONTH	E X P E N D I T U R E S * *	CURR Y-T-D	LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
------	-------------	----------------	--------------------------	-------------------	-----------------------------	------------	------------	----------------------------	----------------------

XXX REGULAR SALARIES
XXX OVERTIME
XXX FRINGE BENEFITS

XX NARCOTICS SECTION

XXX REGULAR SALARIES
XXX OVERTIME
XXX FRINGE BENEFITS

XX PROSTITUTION &
GAMBLING SECTION

XX VICE CRIMES
DIVISION

XX POLICE DEPT.

XX GENERAL FUND

TOTAL

Report Title: Summary of Revenues by Source (601)

Purpose/Use: Provides a summary of all revenues received by the City by source.

Frequency: Monthly

Distribution: Board of Supervisors
Office of the Mayor
Chief Administrative Officer
Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 601
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
REVENUE REPORT
SUMMARY OF REVENUES BY SOURCE

FISCAL MONTH XX AS OF XX/XX/XX

CODE	SOURCE	% OF BUDGET	REVISED ANNUAL BUDGET	* * CURR MONTH	A C T U A L CURR Y-T-D	* * LAST Y-T-D	REMAINING BALANCE
XX	TAXES						
XX	LICENSES & PERMITS						
XX	CHARGES FOR SERVICE						
XX	CONTRIBUTIONS FROM OTHER GOVT.'S						
XX	MISCELLANEOUS						
	TOTAL						

Report Title: Detail of Revenues by Fund, Source,
Type and Detail (602)

Purpose/Use: Provides a detail analysis of revenues
by fund, by source and by individual
revenue account.

Frequency: Monthly

Distribution: Controller

FAMIS

RUN DATE XX/XX/XX

REPORT NO. 602
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
REVENUE REPORT
DETAIL OF REVENUES BY FUND, SOURCE, TYPE AND DETAIL

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND
SOURCE XX LICENSES & PERMITS

CODE	DETAIL/TYPE	% OF BUDGET	REVISED ANNUAL BUDGET	* * *	CURR MONTH	A C T U A L CURR Y-T-D	LAST Y-T-D	* * *	REMAINING BALANCE
------	-------------	----------------	--------------------------	-------	------------	---------------------------	------------	-------	----------------------

XXX	TAXI LICENSES								
XXX	LIQUOR STORE LICENSES								
XXX	HOTEL LICENSES								

XXX BUSINESS LICENSES

XXX	BUILDING PERMITS								
XXX	DEMOLITION PERMITS								

XXX CONSTRUCTION PERMITS

XX LICENSES & PERMITS

XX GENERAL FUND

TOTAL

Report Title: Operating Costs and Statistics by
Subactivity (701)

Purpose/Use: Provides an analysis of an organization's cost and performance measures with related unit cost information by activity.

Frequency: Monthly

Distribution: Organization Manager
Project Manager
Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PERFORMANCE REPORT OPERATING COST AND STATISTICS BY SUBACTIVITY

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT	XX	PUBLIC WORKS DEPARTMENT
DIVISION	XX	STREET REPAIR
SECTION	XX	ASPHALT STREET REPAIR
FUND	XX	GENERAL FUND
ACTIVITY	XX	RESURFACING

	% OF	REVISED	** EXPENDITURES **		OUTSTANDING	REMAINING
	BUDGET	ANNUAL BUDGET	CURR MONTH	CURR Y-T-D	ENCUMBRANCE	BALANCE
				LAST Y-T-D		

CODE	SUBACTIVITY
XX	POTHOLE PATCHING
XXXXXX	SQUARE FEET PATCHED
	UNIT COST
	MANHOURS
	MANHOURS PER UNIT

XX	STREET RESURFACING
XXXXXX	SQUARE FEET RESURFACED
	UNIT COST
	MANHOURS
	MANHOURS PER UNIT

TOTAL

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

PERFORMANCE REPORT
OPERATING COST AND STATISTICS BY SUBACTIVITY

FISCAL MONTH XX AS OF XX/XX/XX

DEPARTMENT XX PUBLIC WORKS
DEPARTMENT
DIVISION XX STREET MAINTENANCE
DIVISION
SECTION XX STREET CLEANING
SECTION
FUND XX GENERAL FUND
ACTIVITY XX MECHANICAL STREET
CLEANING

CODE	SUBACTIVITY	% OF BUDGET	REVISED ANNUAL BUDGET	* * CURR MONTH	* * CURR Y-T-D	* * LAST Y-T-D	OUTSTANDING ENCUMBRANCE	REMAINING BALANCE
XX XXXXXX	MECHANICAL SWEEPING CURB MILES SWEEP UNIT COST MANHOURS MANHOURS PER UNIT							
XX XXXXXX	MECHANICAL FLUSHING CURB MILES FLUSHED UNIT COST MANHOURS MANHOURS PER UNIT							
	TOTAL							

Report Title:	Trial Balance of General Ledger Accounts by Fund (801)
Purpose/Use:	Provides a listing of the General Ledger account balances summarized into each fund.
Frequency:	Daily
Distribution:	Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 801
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ACCOUNTING REPORT
TRIAL BALANCE OF GENERAL LEDGER ACCOUNTS BY FUND

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND

G/L

ACCOUNT
NUMBER

ACCOUNT TITLE

THIS YEAR
BEGINNING BALANCE

* * TRANSACTIONS, CURRENT YEAR-TO-DATE * *
DEBIT CREDIT BALANCE, END OF DAY

XXX EQUITY IN POOLED
CASH AND INVESTMENTS
XXX CASH WITH FISCAL
AGENTS AND TRUSTEES
XXX ACCOUNTS RECEIVABLE
XXX DUE FROM OTHER
GOVERNMENTAL AGENCIES
XXX DUE FROM OTHER FUNDS

TOTAL

Report Title: Trial Balance of General Ledger
Accounts by Sub-Fund (802)

Purpose/Use: Provides a listing of the General
Ledger account balances in each
sub-fund.

Frequency: Daily

Distribution: Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 802
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
ACCOUNTING REPORT
TRIAL BALANCE OF GENERAL LEDGER ACCOUNTS BY SUB-FUND

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX FEDERAL REVENUE SHARING
TRUST FUND
SUB-FUND XX FEDERAL REVENUE SHARING -
5TH ENTITLEMENT

G/L ACCOUNT NUMBER	ACCOUNT TITLE	THIS YEAR		* * TRANSACTIONS, CURRENT YEAR-TO-DATE * *	
		BEGINNING BALANCE		DEBIT	CREDIT
XXX	EQUITY IN POOLED CASH AND INVESTMENTS				
XXX	CASH WITH FISCAL AGENTS AND TRUSTEES				
XXX	ACCOUNTS RECEIVABLE				
XXX	DUE FROM OTHER GOVERNMENTAL AGENCIES				
XXX	DUE FROM OTHER FUNDS				
TOTAL					

Report Title: Trial Balance of General Ledger
Accounts by Project (803)

Purpose/Use: Provides information on General
Ledger account activity and
balances incurred by each project,
organized by General Ledger account.

Frequency: Daily

Distribution: Controller

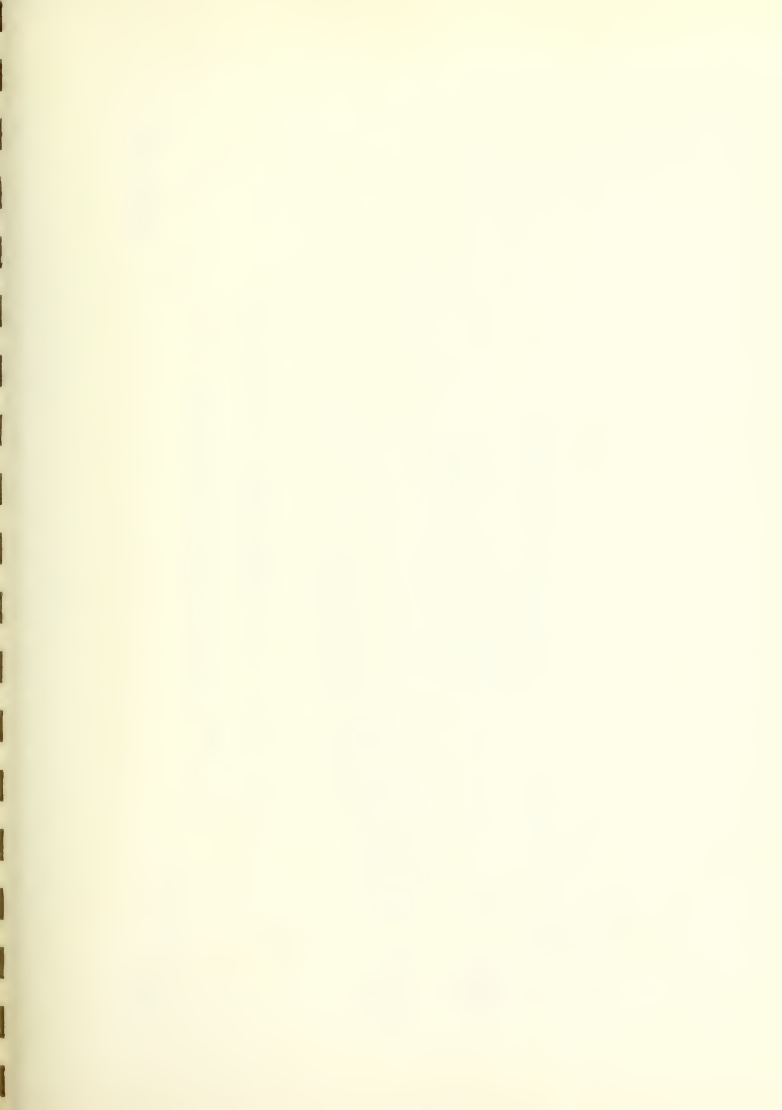
FAMIS
RUN DATE XX/XX/XX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
ACCOUNTING REPORT
TRIAL BALANCE OF GENERAL LEDGER ACCOUNTS BY PROJECT

FISCAL MONTH XX AS OF XX/XX/XX

G/L ACCOUNT NO. XXX EQUITY IN
POOLED CASH &
INVESTMENTS

PROJECT NUMBER	PROJECT NAME	THIS YEAR		* * TRANSACTIONS, CURRENT YEAR-TO-DATE * *	
		BEGINNING BALANCE		DEBIT	CREDIT
XXXXXX	SUMMER YOUTH EMPLOY- MENT PROJECT				
XXXXXX	HOUSING REHAB PROJECT NO. 203				
XXXXXX	MISSION STREET BRIDGE PROJECT				
TOTAL					



Report Title: Trial Balance of General Ledger
Accounts by Fund, Sub-Fund, and
Project (804)

Purpose/Use: Provides information on General
Ledger account activity and
balances incurred by each project,
organized by project.

Frequency: Daily

Distribution: Controller
Project Manager

FAMIS
 RUN DATE XX/XX/XX

REPORT NO. 804
 PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
 FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ACCOUNTING REPORT
 TRIAL BALANCE OF GENERAL LEDGER BY FUND, SUB-FUND AND PROJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX TRUST & AGENCY FUND
 SUB-FUND XXX CETA TITLE I SUB-FUND
 PROJECT XXXXXX SUMMER YOUTH EMPLOY-
 MENT PROJECT

G/L ACCOUNT NUMBER	ACCOUNT TITLE	THIS YEAR		CREDIT	BALANCE, END OF DAY
		BEGINNING BALANCE	DEBIT		
XXX	EQUITY IN POOLED				
XXX	CASH AND INVESTMENTS				
XXX	CASH WITH FISCAL				
XXX	AGENTS AND TRUSTEES				
XXX	ACCOUNTS RECEIVABLE				
XXX	DUE FROM OTHER				
XXX	GOVERNMENTAL AGENCIES				
XXX	DUE FROM OTHER FUNDS				
	TOTAL				

Report Title: Document Detail by Fund (805)

Purpose/Use: Provides reference information regarding the supporting documents that initiated accounting transactions in each General Ledger account in each fund.

Frequency: Daily

Distribution: Controller

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

FISCAL MONTH XX AS OF XX/XX/XX

FUND	XX GENERAL FUND
G/L ACCOUNT NO.	XXX ACCOUNTS PAYABLE

ORIGINAL DOC NO.	REFERENCE DOC NO.	CREATE DATE	INDEX CODE	PROJECT CODE	VENDOR NUMBER	VENDOR NAME	DEBIT	CREDIT	ENDING BALANCE	SUFFIX
VP 1732A	VP 1732A	XX/XX/XX	873246	439872	049212	CONSOLIDATED ELECTRICAL				
VP 1734B	PR 20911	XX/XX/XX	738972	349786	189432	CROWN ZELLERBACH CO.				

Report Title: Subsidiary Report (806)

Purpose/Use: Provide detailed information on data maintained in subsidiary ledgers that support General Ledger accounts that require them, such as investments, accounts receivable, or inventory.

Frequency: Daily

Distribution: Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 806
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ACCOUNTING REPORT
SUBSIDIARY REPORT

FISCAL MONTH XX AS OF XX/XX/XX

SUBSIDIARY NUMBER	CREATE DATE	DATE AUTHORIZED	TRANS CODE	DESCRIPTION	DEBIT	CREDIT	ENDING BALANCE	DEL
007540-0050	XX/XX/XX	XX/XX	XXX					

Report Title: Statement of Estimated and Actual
Revenues (807)

Purpose/Use: Provides data on the receipt of revenue
from each source compared to the total
estimated amount in the budget.

Frequency: Monthly

Distribution: Controller
Treasurer

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 807
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM
ACCOUNTING REPORT
STATEMENT OF ESTIMATED AND ACTUAL REVENUES

FISCAL MONTH XX AS OF XX/XX/XX

SOURCE	DESCRIPTION	% OF BUDGET	BUDGET ESTIMATE	CURR MONTH	CURR Y-T-D	LAST Y-T-D	UNREALIZED
XX	SALES TAXES						
XX	PROPERTY TAXES						
XX	BUSINESS AND FRANCHISE TAXES						
XX	NON-BUSINESS LICENSES AND PERMITS						
	TOTAL						



Report Title: General Ledger Account Analysis
by Fund (808)

Purpose/Use: Provides audit trail detail for each
account regarding each transaction.

Frequency: Daily

Distribution: Controller

FAMIS
RUN DATE XX/XX/XX

REPORT NO. 808
PAGE XXXX

THE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEM

ACCOUNTING REPORT
GENERAL LEDGER ACCOUNT ANALYSIS BY FUND

FISCAL MONTH XX AS OF XX/XX/XX

FUND XX GENERAL FUND
G/L ACCOUNT NO. XXX EQUITY IN
POOLED CASH \$
INVESTMENTS

TRANS NO.	BATCH I.D. DATE-SEQ-LINE	DOCUMENT NUMBER	DOCUMENT REF. NO.	TREASURER'S NUMBER	SUBSIDIARY ACCOUNT	VENDOR NUMBER	INDEX CODE	PROJECT	DEBIT	CREDIT
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Report Title: General Ledger Account Analysis
by Sub-Fund and Project (809)

Purpose/Use: Provides audit trail detail for each
project regarding General Ledger
transactions for each General Ledger
account.

Frequency: Daily

Distribution: Controller
Project Manager

FAMIS

RUN DATE XX/XX/XX

REPORT NO. 809
PAGE XXXXTHE CITY AND COUNTY OF SAN FRANCISCO
FINANCIAL INFORMATION AND RESOURCES MANAGEMENT SYSTEMACCOUNTING REPORT
GENERAL LEDGER ACCOUNT ANALYSIS BY SUB-FUND AND PROJECT

FISCAL MONTH XX AS OF XX/XX/XX

FUND	XX TRUST AND AGENCY FUND	XX CETA TITLE I SUB- FUND	XXXXXX SUMMER YOUTH EMPLOYMENT PROJECT	G/L ACCOUNT NO. XXX ACCOUNTS PAYABLE	TRANS NO.	BATCH I.D. DATE-SEQ-LINE	DOCUMENT NUMBER	DOCUMENT REF. NO.	TREASURER'S NUMBER	SUBSIDIARY ACCOUNT	VENDOR NUMBER	INDEX CODE	PROJECT	DEBIT	CREDIT
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IX - PERFORMANCE REPORTING CONCEPTS

This section reviews the performance reporting concepts of the FIRM System and is divided into four parts as follows:

- . Performance Reporting and the FIRM System
- . Performance Measurement and Reporting Concepts
- . Development of Performance Reporting in a Resource Management System
- . Resource Management and Performance Reporting in San Francisco

Each of these items is discussed in the following paragraphs.

PERFORMANCE REPORTING AND THE FIRM SYSTEM

Exhibit II-A in Section II illustrates the concept of the FIRM System as a total resource management system. The core of the FIRM System is the automated Financial Accounting Management Information System (FAMIS).

FAMIS is an automated system that can process certain types of performance information such as work volume, labor hours, and cost. It can then bring this information together to report against performance measures. For example, in a mechanical street sweeping operation, FAMIS would collect data such as:

- . Curb miles of street swept
- . Operator hours
- . Dollar costs for the street sweeping activity

It can then relate this data to produce performance measures such as:

- . Cost/curb miles swept
- . Work-hours/curb miles swept

Consequently, FAMIS will provide an automated capability to collect data that can report against defined performance measures.

However, FAMIS cannot answer questions such as:

- . Should the City sweep streets?
- . How should the City sweep streets?

- . How often should the City sweep streets?
- . What is the quality of the City's street sweeping service?
- . What is a reasonable target for the number of curb miles that should be swept per hour or per day?

These questions for street cleaning, and questions like them for other City services, relate to the blocks that surround the FAMIS "core" system in Exhibit II-A. These elements relate to:

- . Developing goals for City services;
- . Defining objectives for City services that relate to these goals;
- . Developing performance measures or indicators that can assess:
 - the volume of work or the output of the service provided;
 - the efficiency of the service provided;
 - the quality of the service provided, and
 - the effectiveness of the service provided.
- . Evaluating the performance of the service provided through a systematic program evaluation effort.

To develop the above described elements that lie outside the FAMIS System is a behavioral process that management of the City must undertake. FAMIS will provide the City with the technical capability to achieve a sound management system; however, it will be a major task for the City to implement the other elements of a total resource management system.

PERFORMANCE MEASUREMENT AND REPORTING CONCEPTS

A performance measurement and reporting system provides a systematic approach to resource management, service delivery and service enhancement through the following elements:

- . Development of specific "results-oriented objectives" for each responsibility center defined in the City;

- . Development of performance measures for assessment of performance;
- . Development of performance targets that indicate a specific level of achievement for each measure defined;
- . Development of reporting processes that report actual results versus targets, and that develop on an exception basis summary reports that are reported to higher level managers having responsibility for a number of lower responsibility centers, and
- . A review process for analyzing performance reports and taking corrective action when variances exceed certain pre-defined parameters.

Each of these concepts is more fully discussed below.

Objectives

Before performance measures can be developed, objectives for the responsibility center have to be defined that relate to:

- . The higher level goals of the department in which the responsibility center is situated, and
- . The overall City missions and goals.

Specific objectives for a particular responsibility center provide an indication of the level of service being provided for the funds being allocated. They are statements of the responsibility center's end results. In writing a sound objective at this level, an indication of the appropriate performance criteria is often contained within the objective itself.

Objectives are desired levels of accomplishment that are expressed in quantifiable and measurable terms within a given time period. The program can be analyzed for effectiveness by determining the success with which the program meets the stated objective. Guidelines which can be used to establish objectives are summarized below:

- . Responsibility center objectives should focus on the output, or results of the program, not on the means of providing the product or service.
- . The results of an objective must be specific, not general, so one can recognize when objectives have been met.

- . An objective must be measurable. The evaluation criteria should be built into the objective statement. This implies that the objective will be quantifiable.
- . An objective must be achievable and feasible within specific time frames. However, the objective should not be easily or routinely met, but should encourage reaching without causing frustration or discouragement.
- . An objective should be oriented to some audience or user of the service. We assume projects or activities are performed to benefit someone or some group. What is that group?

For example, objectives for a Patrol Division might be:

- . To immediately respond to all calls for service that are in progress crimes against persons or property
- . To respond to "cold" crime calls in a timely manner
- . To respond to all non-emergency calls for service
- . To reduce the current Part I crime trend rate of increase

Performance Measures

Once objectives that can be quantified have been established, performance measures can be developed to assess how well objectives have been accomplished. There are three types of measures that indicate the performance of a responsibility center:

- . Work Volume Measures. These indicate the volume or amount of work carried on by a responsibility center, or the amount of "output" of a responsibility center.
- . Efficiency Measures. These are ratios of the amount of input, work-hours or dollar cost expended per unit of output. They can also be expressed as a ratio of output per unit of input. This type of measure gives an example of the success with which input is converted to output.
- . Effectiveness Measures. These indicate the level of success with which a responsibility center is achieving its objectives or fulfills some community need.

In Exhibit IX-A on the following page, examples of these three types of performance measures are presented.

Performance Targets

After performance measures for each responsibility center have been developed, the next step is to develop performance targets for each measure. A target is a numerical value, usually a whole number, a percentage, or a ratio which specifies the level of performance expected for a given time frame. A target can either represent an objective which the program manager wishes to achieve, or it may be a forecast of work volume.

A target represents a planned level of performance within the present estimate of financial resources and personnel available. Targets are set prior to the beginning of a fiscal year and based on a number of interrelated factors such as historical data, objectives, projection of improvements in terms of service delivery results, work measurement standards, and standards used by similar types of service organizations.

For example, in the previous police department example an objective was: "To immediately respond to all calls for service that are in progress crimes against persons or property." A performance measure that would measure the effectiveness of this objective is "average response time to calls for service that are in progress crimes against persons or property". A target for this measure might be set at three minutes.

As better information is developed, the performance measure and the target might be changed. For example, the measure could be changed to "percent of time response to in-progress crimes against persons or property is three minutes or less". The target might be set at 95%.

Performance Reporting

Once measures and targets have been established, a reporting system is developed to collect data on the actual results of the measures. The actual results for the measures are then compared to planned performance (the targets).

Depending on the needs of operating management, top management, and the policymaking boards, this information is usually reported on a monthly or quarterly basis.

In addition, the same performance reports received by the lowest responsibility center managers should not be received by top management or the policy-making bodies. Using the principle of selective aggregation of information, top management and policymakers should only receive exception reports when there are major variances between planned and actual performance, and summary reports of the performance measures most needed for them to make resource allocation decisions.

CITY AND COUNTY OF SAN FRANCISCO

EXAMPLES OF PERFORMANCE MEASURES FOR THE PATROL DIVISION
OF A POLICE DEPARTMENT

<u>Type of Measure</u>	<u>Measure</u>
Work Volume	<ul style="list-style-type: none">. Calls for Service (CFS) by Type. Reports Written by Patrol Officers. Number of Arrests Made by Patrol Officers. Number of "on-view crime stops" made by Patrol Officers. Part I Crimes by Type Responded to by Patrol Officers
Efficiency	<ul style="list-style-type: none">. Work-hours/Arrest. Work-hours/Emergency in Progress Crime Call by Type. Work-hours/Non Emergency Call by Type. Cost/Arrest. Cost/Emergency in Progress Crime Call by Type. Cost/Non Emergency Crime Call by Type
Effectiveness	<ul style="list-style-type: none">. Average Response Time to CFS that are in progress crimes against persons or property. Average Response Time to Other Non Emergency Crime Calls. Percent of On View Crime Stops Resulting in an Arrest. Percent of Arrests Resulting in Conviction

Reviewing Performance and Taking Corrective Action

The key element in performance reporting is actually reviewing performance. The purpose of reviewing performance is to:

- . Compare actual to planned;
- . Identify the reasons for variances;
- . Determine if improvements can be achieved, and
- . Recognize outstanding performance.

In the process of review, if actual performance is consistently lower or higher than planned performance, it may be necessary to:

- . Change the targets;
- . Review the level of resource commitment;
- . Determine whether or not productivity improvement efforts such as work measurement, work planning and scheduling, or work simplification might be warranted, and
- . Determine the feasibility of continuing the service.

In this process it is imperative that at each organizational level managers review these reports with their subordinate managers and take whatever corrective action is necessary to develop "realistic" performance targets.

Summary

In developing a performance reporting system that supports a comprehensive resource management system, the level of commitment by City staff cannot be overemphasized. A system that is not used is of no value. In addition, it should be underscored that installation of such a system cannot be expected to produce immediate results. This type of system requires excellent analytical staff supporting it and the long-term commitment of top management, the Board and the Mayor. Short-term benefits will accrue, but this process is one that takes significant time and effort to fully implement.

DEVELOPMENT OF PERFORMANCE REPORTING IN A RESOURCE MANAGEMENT SYSTEM

The purpose of performance reporting in a resource management system is to be able to tie the service outputs of an organization to the dollars that

are being budgeted. The problem faced by most policymakers in the budget process is that they cannot precisely define the expected service level in terms of accomplishment for the organizations for which they are budgeting.

A performance reporting system allows policymakers to explicitly state the expected levels of achievement for a coming year and tie a dollar figure to that expected level of achievement.

For the process of performance reporting to be effective, goals and objectives must be developed both City-wide and in the departments. Once objectives have been delineated, performance measures can be developed and targets applied to these performance measures.

Goals and objectives statements should be reviewed annually to examine whether or not they are still valid for a department and responsibility center in particular or the City in general.

Actual results of performance measures against targets need to be reported to operating management on a monthly basis. In addition, the Board and Mayor need to receive a performance report that summarizes the results of the key performance measures for the City's organization and have a narrative explanation of major variances, trends and corrective action taken or to be taken. In this manner, the Mayor and the Board can evaluate actual achievement versus planned achievement in relationship to the dollars they budgeted and appropriated.

FAMIS will provide an automated capability to collect work volume measures; it also has the capability to relate work-hours and dollars to these work volume measures. Therefore, FAMIS supplies an automated capability to collect and report work volume performance measures and efficiency performance measures.

Effectiveness measures, on the other hand, are more "outcome" oriented. In the police department example cited previously, an objective was to respond immediately to all crimes in progress against persons or property. The effectiveness measure for that objective is response time. Response time shows the outcome for that particular objective. In instances like this where measures do not relate to work volumes or dollars or hours, they will not be collected and reported in FAMIS. These types of measures in most instances will require data from other City systems and will also require some manual data collection and reporting.

RESOURCE MANAGEMENT AND PERFORMANCE REPORTING IN SAN FRANCISCO

The process of developing a complete performance reporting system in San Francisco will take time, and it will require the commitment and dedication of elected officials, appointed commissioners, and top management and their staffs.

In Phase II of the FIRM System project, the pilot City department will have a full performance reporting system installed. This will include all aspects of the system from development of goals and objectives through defining detail procedures for reviewing performance reports.

The installation of a pilot performance reporting system in a major City department will include the training of City management staff in the concepts and techniques of installing a performance reporting system, and they will actively participate with the consultants in installing the system in the pilot department. In the pilot department a model for installation will be developed that will be used in Phases III-IV for installing the system in all City departments.

In Phase II, a detailed work plan will be developed to specify how performance reporting should be installed City-wide. A major element of this work plan will be the definition of priorities for departmental installation of the system.

X - FAMIS PROCESSING CONCEPTS

This section of the report describes the processing concepts and techniques utilized by the FAMIS programs. Specifically, the section discusses:

- . Single Transaction Concept
- . Data Classification Structure
- . Transaction Code Decision Table
- . FAMIS Files
- . FAMIS Computer Processing

SINGLE TRANSACTION CONCEPT

The accounting and reporting impact of most financial events can be predetermined before the actual event takes place. From an accounting standpoint, any given transaction is recorded by one or more pairs of self-balancing debits and credits. Certain of the General Ledger accounts may require detailed support in subsidiary accounts. Budgetary accounts also require supporting detailed records, as do operating accounts. For reporting purposes, these general and subsidiary accounts must be further subclassified to identify the fund, organization, expenditure object, etc., of the transaction. All of these classifications have a definable relationship to each other.

In FAMIS, predefined accounting and classification relationships are stored in the computer, eliminating much of the subjective judgment usually required of coding clerks. Additionally, all relevant files are updated from a single input of information. Reporting is an integrated part of the system, operating directly from the data files.

This approach of file update based on predefined transactions and classifications is known as the "single transaction concept". The single transaction concept is the heart of the system and provides FAMIS with its unique flexibility.

DATA CLASSIFICATION STRUCTURE

To meet the needs for financial management information identified in the previous sections, an accounting system capable of accumulating and reporting a broader range of financial information than is now possible will be required. This enhanced capability can be attained through an enlarged classification structure for accounting information. This sub-section outlines such a classification structure. Each component of information in the structure is defined, levels of detail needed within each component are identified, and the relationships among the components are discussed to provide a clear picture of how the components may be used.

Levels of Classification

The classification structure reflected in FAMIS is a hierarchy of general to specific classifications applied to every financial event that occurs within the City. The levels are as follows:

- Primary Fund - Identifies the fund in which the financial event is to be reflected.
- Secondary Fund - Indicates any additional fund, other than the primary fund, in which the financial event is also to be reflected. An example of a primary/secondary relationship is the purchase of capital equipment where the expenditure is recorded in the general (i.e., primary) fund and the asset is capitalized in the general fixed asset group of accounts (i.e., secondary fund).
- Project - Identifies projects (such as capital projects or grants) and work orders which are accounted for as funded entities. This level within the classification hierarchy may be subdivided into sub-fund and project identifier.
 - Sub-Fund - Identifies subsidiary funds, if any, to the primary fund. For example, a trust fund may have a sub-fund for each grantor.
 - Project Identifier - Identifies each project funded by the sub-fund.
- Type - Identifies the financial event as being funded by an annual appropriation, a continuing appropriation, or as non-appropriated.
- Function - Associates the financial event with a pre-determined, broad category of services provided by the City, such as Public Safety.
- Program - Relates the financial event to a specific plan of action performed by a department, such as Traffic Safety.
- Department - Identifies the highest level in the formal City and County organization, such as Police Department.
- Division - Identifies the second level of organization. A department may have one or more divisions. An example in the Police Department would be the Field Operations Bureau.

- Section - An identifiable organizational unit within a division that performs a specific line of work in support of the overall service provided by the division. An example of a section in the Police Department would be Patrol.
- Activity (Source) - For expenditures, activity identifies the broad, functional categories of work performed by a section. An example of an activity within the Police Department might be Heroin Trafficking Investigation.

For revenue, source identifies the basic origin of the revenue, such as fines or general taxes.

- Sub-Activity (Type) - For expenditures, sub-activity provides for a further analysis of an activity identifying, in greater detail, particular lines of work. For example, the activity of Heroin Trafficking Investigation might have sub-activities of Dealer Surveillance and Arrest and Processing.

For revenues, type provides for a further breakdown of source of revenue. For example, fines could be classified by major types, such as traffic violations, ordinance violations, etc.

- Character - Identifies the general nature of an expenditure, such as personal services, commodities, or capital expenditures.
- Object - Reflects the general type of item purchased or service obtained as distinguished from the results, the reason, or the purpose for the expenditure. Objects of expenditure are items such as regular salaries, utilities, and office supplies. The main purpose is for budget presentation and external reporting on a government-wide basis.

For revenue this data element is used to identify revenue category (a broad categorization of revenue as defined in the AICPA Audit Guide Audits of State and Local Governments).

- Sub-Object (Detail) - For expenditures, sub-object identifies a specific expenditure made in performing a sub-activity.

For revenues, detail identifies the specific type of revenue earned. For example, traffic violations could be detailed by parking and moving citations.

Index Codes

Instead of requiring that each of the above classifications be separately and independently coded for each financial event, FAMIS uses the computer to store all of these classifications in a look-up table. This is possible because the classification of any item can be predetermined before an actual financial event takes place. Predetermined classifications are then retrieved from the look-up table using a code known as an index code. The index code has no meaning in itself; it is merely the key the computer uses to retrieve the classification structure from the table.

The table is coded at the time the budget is entered into the system. Exhibit X-A illustrates how the table would be coded for one budget line item. The exhibit also illustrates how the expanded classification structure (33 characters) is replaced by the 6 character index code and 3 character sub-object code. This technique has several advantages:

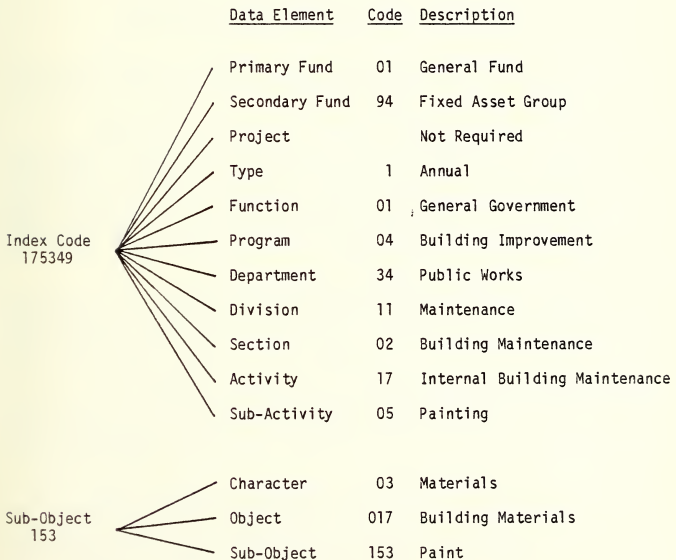
- Clerical simplicity - Each section will be provided with a list of the titles and codes which apply to it alone. All the departmental accounting clerk must do is determine the proper title and select the index code from the list.
- Consistency - The table will be built and checked by the Mayor's Budget Office and the Controller's Office. Once constructed, the classification of each item will not vary.
- Accuracy - The six digit index code contains a check digit to guard against transpositions, keypunch errors, or accidental use of another section's codes.

TRANSACTION CODE/DECISION TABLE FILE

The transaction code/decision table controls transactions through edit and update processing. It contains a separate entry for each predefined financial event (transaction code) in the system and each entry contains the following information:

- Edit parameters for the validation of input values
- Indicators identifying the source field for certain classification data
- The double entry classified General Ledger
- Identification of support files requiring update
- Sign control

CITY AND COUNTY OF SAN FRANCISCO
RELATIONSHIP BETWEEN INDEX CODE AND
DATA CLASSIFICATION STRUCTURE



The table is designed so that a change in the requirements of a transaction is accommodated by altering the applicable conditions in the decision table for the transaction code, thereby eliminating program modifications.

The transaction code/decision table contains two major types of information:

- Decision indicators relating to the edit program functions, sign control, support file update activity, source of classification data, and location of fields containing variable information.
- Constants which define the General Ledger to which the transactions are applicable.

There is a separate edit indicator for each field on the input transaction record. These indicators specify the data format for the input fields (i.e., whether the fields must contain data or may be optionally coded).

Additional indicators are tested during the edit phase to determine if support files will be affected during the update process. Activity against the support files varies by transaction code. Under certain conditions, a reference record must be present in a support file to supply classification data and to facilitate subsequent updating. Other transaction codes require that a reference record be absent to avoid duplication. The edit verifies that the transaction will successfully pass the update process by ascertaining in advance that required conditions in the data base are fulfilled.

A few transactions cause a completely new transaction to be generated internally. An indicator tells when this should be done and identifies a subroutine which constructs the record. This generated transaction has its own transaction code and associated entry in the decision table so that it will be processed correctly during update.

The transaction code/decision table also contains indicators which determine the location of the applicable fund classification data. The possible locations for the fund classification code include the appropriate index code table entry, a referenced document file record, and/or the cash accountability fund constant.

Another series of indicators determines which support files are to be updated, either by establishing a new record in the file or by updating an existing record. Also associated with the file indicators is a field which determines the sign for amount posting in the records. The General Ledger accounts are also defined in this table. These numbers are associated with the transaction code, and in most cases, remain constant.

Except for indicators relating to the input transaction field edits, the decision table is a permanent part of the transaction output record. It is used by recovery programs to reconstruct update activity consistent with initial input. This allows a decision table entry to be altered at any time for new conditions without affecting file reconstruction. This file is an indexed-sequential data set.

Exhibit X-B displays the informational items predefined in the transaction code/decision table for an encumbrance transaction. In this simplified example, the transaction code is used to determine:

- . The fields that must be coded on the input transaction,
- . The general ledger debit/credit pair, and
- . The master files to be updated.

TRANSACTION CODING

An accounting transaction is comprised of variably encoded multiple data elements which combine with additional information retrieved from the transaction code/decision table and index code table to provide all the necessary information required to determine an accounting action. Exhibit X-C displays a copy of the generalized transaction coding form. The form is used to encode accounting transactions for input to the edit update program. The form is also used to correct errors that have been previously entered into the system.

Each transaction coding form is considered a separate batch of information and has a separate batch header input section in the upper left hand section. FAMIS requires that all accounting transactions be batched for input. A batch must contain from 1 to 25 transactions. The accounting transaction data elements have multiple coding formats, including a blank (noncoded) format. The specific data elements required for each transaction are predefined and stored in the transaction code/decision table.

The following paragraphs contain a brief description of the data elements that must be coded for accounting transactions. This discussion is limited to data elements F4 through F13 as shown in Exhibit X-C. The discussion is followed by an example which illustrates the coding of a transaction to encumber a purchase order. The example also illustrates how the information predefined in the index code and transaction code/decision table is used.

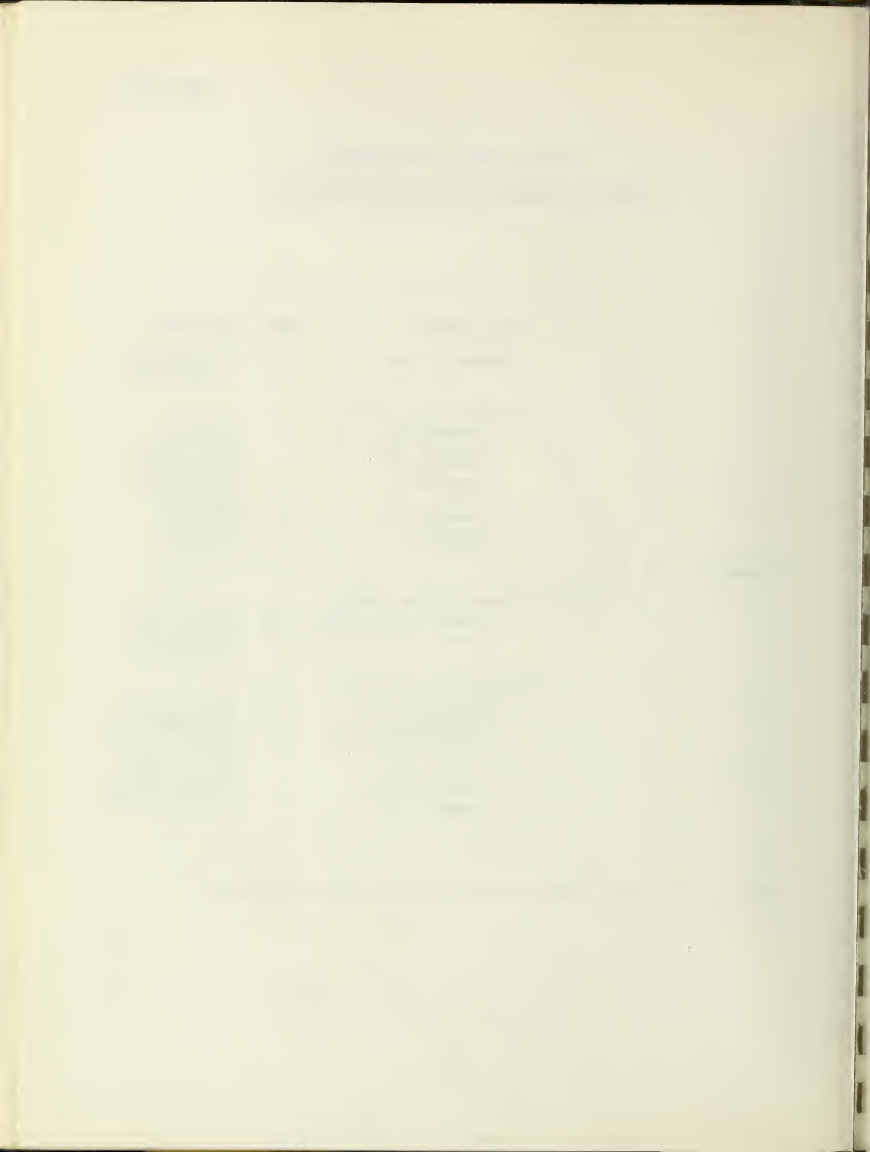
Transaction Code (F4)

The transaction code is a five-position alphanumeric field which must be completed on all input transactions. The first three positions contain

CITY AND COUNTY OF SAN FRANCISCO
TRANSACTION CODE/DECISION TABLE ILLUSTRATION

	<u>Data Element*</u>	<u>Code</u>	<u>Description</u>
Transaction Code 211	Transaction Code	211	Purchase Order Encumbrance
	Required Input Fields		
	. Document No.	X	Required
	. Document Ref. No.		Not Required
	. Treasurer No.		Not Required
	. Subsidiary		Not Required
	. Vendor	X	Required
	. Index Code	X	Required
	. Sub-Object	X	Required
	. Project	X	Option
	General Ledger Update		
	. General Ledger Debit	440	Encumbrances
	. General Ledger Credit	332	Reserve for Encumbrances
	Subsidiary File Update		
	. Document File	X	Update Required
	. Subsidiary File		Not Update
	. Appropriation File	X	Update Required
	. Project File	X	Update Required, if Project
	. Operating File	X	Update Required
	. Vendor File	X	Update Required

*Only the major data elements stored within the table are displayed.



CITY AND COUNTY OF SAN FRANCISCO

GENERALIZED TRANSACTION

CODING FORM

T1		T2				T3	T4	T5	T6	T7	T8	T9
BATCH NUMBER		FMR		FMO		FMD		FMD		FMD		
Y R	MO	DAY	SEQ	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.	
1	2	4	6	8	11	13	15	17	19	25	36	38
4					0	0						

FINANCIAL ACCOUNTING SYSTEM
TRANSACTION CODING FORM

Prepared By _____ Date _____ Log _____ K.P. _____

F3		F4	F5		F6	F7	F8	F9	F10	F11	F12
LN	NO	TRANS. CODE	DOCUMENT NUMBER	DOCUMENT REFERENCE NO.	TREASURER'S NUMBER	SUBSIDIARY ACCOUNT	VENDOR NUMBER	INDEX CODE	SUB	PROJECT	AMOUNT
		no.	no.	suffix	no.	no.	no.	no.	no.	no.	no.
11	13	17/18	25/26	33/34	41/42	50/51	56/57	62/63			
0 1											
0 2											
0 3											
0 4											
0 5											
0 6											
0 7											
0 8											
0 9											
1 0											
1 1											
1 2											
1 3											
1 4											
1 5											
1 6											
1 7											
1 8											
1 9											
2 0											

DUP
COLUMNS
1 - 10

a value representing the basic transaction code. The value is always numeric and specifies the coding requirements for data elements F5-F13. The transaction code is used as the entering element into the transaction code/decision table, as previously illustrated in Exhibit X-B.

The fourth position of this field is used for correcting errors previously entered into the system. These errors are corrected by reversing the original transaction that contained an error and entering a correct transaction.

The fifth position is used to enter special instructions concerning the transaction. The following alphabetic codes are used:

- . P - Causes a partial reduction in an encumbrance balance equal to the amount of payment. It does not cause final processing of the encumbrance.
- . F - Causes the system to liquidate an encumbrance balance.
- . S - Used to increase or decrease the balance of a record already established in the document file.

Document Number (F5)

The document number is an eight-position alphanumeric field. The value entered in this field is used by the system to establish record identification in the document file. The first two positions (series) of this field contain an alphabetic value used to indicate the class of document and the general ledger account it supports. For example, the value "PR" indicates a purchase order which supports the General Ledger account number 440 (Reserve for Encumbrances - Purchase Order).

The next five positions contain a sequence number uniquely identifying the document.

A value is entered in the last position (suffix) when a document has more than one classification structure; i.e., more than one value for index code, subsidiary account or location code. A separate accounting transaction is completed for each distinct combination of classification. An alpha suffix of "A" through "Z" is entered in this field for each detail card to uniquely identify the record.

Document Reference Number (F6)

The document reference number is an eight-position alphanumeric field having the same format as field F5, previously described. It is used to reference a document already entered into the system which the transaction being coded affects, such as the purchase order previously establishing an encumbrance being liquidated.

Treasurer's Number (F7)

The treasurer's number is used for all transactions in the various fund accounts which affect the treasurer's group of accounts.

Subsidiary Account (F8)

The subsidiary account is a nine-position numeric field used when the transaction involves a General Ledger account supported by a subsidiary account. The first three positions contain the supported General Ledger account number which the detail transaction affects. The last six positions contain the subsidiary account sequence number which uniquely identifies the subsidiary account with the General Ledger.

Vendor Number (F9)

The vendor number is a six-position numeric field containing the code required to uniquely identify each vendor.

Index Code (F10)

The index code is a six-position field used to enter the index code value. It is used for transactions relating to revenues (estimated and actual), appropriations, encumbrances, expenditures, deposit accounts, deferred revenues, and reserves for taxes and accounts receivable.

As previously described, the index code is used to internally identify the organizational relationships or levels affected by the transaction. For expenditures, these levels are the primary fund, secondary fund, type, function, program, project, organization (department, division, and section), activity and sub-activity. For the receipts, these levels are the primary fund, secondary fund, type, function, program, organization, source, and revenue type.

Sub-Object (F11)

The sub-object is a three-position field used to enter the sub-object code value. It is used for transactions relating to revenues (estimated and actual), appropriations, encumbrances, and expenditures. As previously described, the sub-object is used to relate the specific expenditure to the appropriate character and object. For revenues, it represents the lowest level of detail.

Project/Work Order (F12)

This field is a six-position alphanumeric field completed when separate financial reporting is desired. Separate reporting may be desired for locations, distinct operations, special activities or events, and accounting for work orders. This field may also contain the project number for capital project transactions.

When used for coding transactions to account for work orders, FAMIS will automatically relate the work order to the index codes and sub-object codes of the providing and receiving departments and generate the required transactions.

Amount (F13)

This data element is encoded with the transaction amount. It must be encoded for all accounting transactions including those with a zero amount.

Transaction Coding Example

The example illustrated in Exhibit X-D and described in the following paragraphs discussed the input coding required to record encumbrances against appropriations.

Let us assume that when the Public Works Department received the work order from the Office of the Mayor to remodel the FIRM System project office space, a purchase order had to be issued to buy paint. Exhibit X-D illustrates the transaction which would be entered into FAMIS to record this financial event. Therefore, to record this encumbrance against appropriations the following data elements would have to be coded to record the financial event:

- . transaction code,
- . document number,
- . vendor number,
- . index code,
- . sub-object,
- . work order, and
- . amount.

Interaction with System Tables

Continuing with the example described above, the following paragraphs describe how FAMIS utilizes the information previously entered into the

CITY AND COUNTY OF SAN FRANCISCOEXAMPLE OF A TRANSACTION TO RECORD
AN ENCUMBRANCE AGAINST AN APPROPRIATION

<u>Data Element</u>	<u>Code</u>	<u>Description</u>
Transaction Code	211	Record encumbrance against appropriation
Document Number	PR03218	Purchase order number
Document Reference Number		Not Required
Treasurer Number		Not Required
Subsidiary Account		Not Required
Vendor Number	019321	Ace Hardware
Index Code	175349	See Exhibit X-A
Sub-Object	153	See Exhibit X-A
Project/Work Order	W12345	Work order from Office of the Mayor
Amount	172.50	Purchase order amount

system tables to build a complete internal transaction that will be utilized to update the master files.

The transaction code (211) is used by FAMIS to determine the required input fields, the General Ledger debit/credit pair(s), and the subsidiary file update rules. (Refer to Exhibit X-B.) The index code (175349) is used by FAMIS to determine primary fund, secondary fund, type, function, program, department, division, section, activity, and sub-activity. The sub-object (153) is used by FAMIS to determine the character and object. (Refer to Exhibit X-A.)

The work order (W12345) is used by FAMIS to determine the index code and sub-object established in the providing department (an index must be established to record services to other departments for each work order) and in the receiving department (an index must be established to record services received from other departments for each work order). Exhibit X-E illustrates the relationship of work orders to index codes in providing and receiving departments.

For work order processing, FAMIS will:

- . Record the first 211 transaction against the books of the providing department because the purchase order for paint will be charged against the Public Works Department.
- . Generate a 211 transaction against the books of the providing department because the full cost of the purchase must be deducted from the Public Works Department and recorded as services provided to others.
- . Generate a 211 transaction against the books of the receiving department to record an encumbrance against services received from others in the Office of the Mayor.

FAMIS FILES

The FAMIS master files are designed to meet the accounting and financial management information requirements of the City and County of San Francisco. The FAMIS files are listed below:

- . General Ledger
- . Appropriation
- . Document
- . Subsidiary

CITY AND COUNTY OF SAN FRANCISCO

RELATIONSHIP OF WORK ORDERS TO INDEX CODES
IN PROVIDING AND RECEIVING DEPARTMENTS

	<u>Data Element</u>	<u>Code</u>	<u>Description</u>
Work Order (W12345)	Index Code Receiving	168371	Data Classification Receiving
	Sub-Object Receiving	997	Service Received
	Index Code Providing	137148	Data Classification Providing
	Sub-Object Providing	998	Service Provided

- . Vendor
- . Project
- . Operating
- . Report Title
- . Error Message
- . Transaction Output
- . Batch Correction
- . Outstanding Check

Each file is briefly described in the following paragraphs.

General Ledger File

The General Ledger file maintains a current balance for all accounts within each fund. Each transaction processed (except budget and statistical entries) is posted to the General Ledger file by transaction code, appropriation type, fund, General Ledger account number debit and credit.

Because a record in this file refers to both a debit and a credit account within a fund, posting a transaction to a record ensures that both accounts are balanced within the fund. As a transaction is processed, its amount is added to the total amount entered by the transaction for the current year-to-date. The record maintains the following amount fields:

- . Daily amount,
- . Current month net amount,
- . Next month net amount,
- . Balance brought forward from previous year,
- . Current fiscal year amounts by month,
- . Prior fiscal year amounts by month, and
- . Beginning daily balance.

The General Ledger file is a disk-resident, indexed-sequential data set.

Appropriation File

The appropriation file provides a means to maintain legal accountability for expenditures and encumbrances. It contains a record for every appropriation established in the Appropriation Ordinance. For example, a record is established for each fund, department, division, section, type, character, object, and fiscal year. Posting is against the original appropriation and any revisions. Overencumbered or overexpended appropriations are identified on both appropriation and transaction level reports. The record maintains the following amount fields for the current and next month:

- . Original appropriation,
- . Appropriation reserved,
- . Reappropriated encumbrances,
- . Revisions,
- . Expenditures, and
- . Encumbrances.

The appropriation file is a disk-resident, indexed-sequential data set.

Document File

The document file maintains records for documents which support certain current asset and liability accounts in the General Ledger file. The originating transaction which establishes a record in the document file contains all information necessary to identify the document. Each record supports an outstanding amount balance for a document and contains the classification data relating to the document. The classification data remains constant throughout the life of the document. When subsequent input transactions reference a document, it is not necessary to code the classification data because it is retrieved from the document record and added to the new transaction. The document records maintain the following amount fields:

- . Current month debit,
- . Current month credit,
- . Next month debit, and
- . Next month credit.

The document file contains a history of all liquidations against individual documents. The original document becomes the primary record while the liquidations become the trailer records. The trailer records remain in the file with the primary record until the document is closed. Document reports are produced monthly, and the file is then purged. The purged records are written to a year-to-date historical file maintained on magnetic tape. The document file is an indexed-sequential data set.

Subsidiary File

The subsidiary file maintains records supporting certain asset and liability accounts of the general ledger file.

Establishing subsidiary file records for inventories, loans, investments, and bonds payable requires information not available on transactions entered through the standard transaction coding form. Therefore, a separate maintenance program and input form are used to create the initial record and enter all constant information (e.g., the investment description, yield and maturity date). The standard transaction coding form is used to enter amount data in these records.

This approach to the creation and maintenance of the subsidiary file is used for two reasons:

- . It is possible to predict the subsidiary record requirements before the submission of accounting transactions.
- . Transactions affecting the subsidiary record do not create additional transactions or require classification data. Transactions affecting these records alter only the amount balances in this file.

As in the document file, a history of activity against the subsidiary records is maintained on a monthly basis and a continuing balance is kept for the life of the subsidiary record. Records with zero balances are purged from the file at the end of the fiscal year. Although records are deleted only at the end of the fiscal year, they may be tagged for deletion at any time. The subsidiary file is an indexed-sequential data set.

Vendor File

The vendor file allows the user to reference a vendor name by encoding a vendor number on the standard transaction coding form. The retrieved name is printed on reports, thus allowing convenient reference to supplier identification. The file also can serve as a purchasing master list of all vendors.

In addition to a vendor name, the vendor file contains the vendor's address and zip code, rating and rating date, Federal identification number, purchases - current month and fiscal year, purchases - previous fiscal year and date last active. The vendor file is an indexed-sequential data set.

Project File

The project file provides a means to maintain control over encumbrances, expenditures and revenues for all projects by fund, as well as controlling the organizations which are authorized to charge the project. The amount fields maintained within this file are identical to the appropriation file. The project file is an indexed-sequential data set.

Operating File

The operating file maintains a record for the lowest classification of entries processed in the system which pertain to the General Ledger operating accounts, that level consisting of primary fund, General Ledger account, fiscal year, secondary fund, type, character, object, function, program, group, department, division, activity, sub-activity, sub-object and/or project number. For those General Ledger accounts not classed as operating accounts, the level of the record maintained in this file would consist of primary fund, General Ledger account, fiscal year with the remaining classification portions of this record key being zeroed at time of update of incoming transactions.

Each record in this file contains daily amounts, current month debits and credits, next month debits and credits, monthly net amounts for each month of current and previous fiscal years, year-to-date net amount for second previous fiscal year, and index code and description which existed when record was originally created by update phase. This file is used for producing monthly management reports and General Ledger reports, and is maintained indexed-sequentially.

Report Title File

The report title file maintains a record for each title required on the various output reports. This includes the General Ledger account, fund, function, group, department, division, program, activity, sub-activity, character and object.

Each report title file record is prefaced by an indicator key which indicates the functional group to which a series of titles belongs. For example, indicator key 01 indicates titles associated with the General Ledger accounts. The use of the indicator key allows a report program to retrieve randomly the title of a specific record. The file is organized indexed-sequentially.

Error Message File

The error message file maintains descriptive titles for error values output by the system processing programs. By maintaining the error message titles in a central file, the need to include descriptive error messages in each processing program is eliminated.

Each error message file record is prefaced by an indicator key which indicates the program to which a series of titles pertains. For example, the indicator key 01 indicates titles for errors encountered by the edit/update program. The use of the indicator key allows a processing program to retrieve randomly the title of a specific error message. The error message file is maintained as an indexed-sequential data set.

Transaction Output File

The transaction output file serves several purposes:

- Provides a complete record of every transaction processed by the system, thus supplying a trail for accounting activities.
- Provides a backup for the other system files and can be used to recreate any of these files.

The transaction output file contains all data relating to every transaction processed, including transactions entered by the user and those generated internally by the system according to predefined rules established in the transaction code decision table.

This sequential file is sorted daily by input batch identification. Appropriate listings are produced and all transactions are merged with a month-to-date file. This file is used to produce various monthly detail reports and is then merged with the year-to-date historical file. The daily and month-to-date files are maintained on disk; the year-to-date file is maintained on magnetic tape.

Batch Correction File

The batch correction file maintains a record of all input transactions that have been found in error by edit processing. This file is organized sequentially and is maintained on a disk storage unit.

Outstanding Warrant File

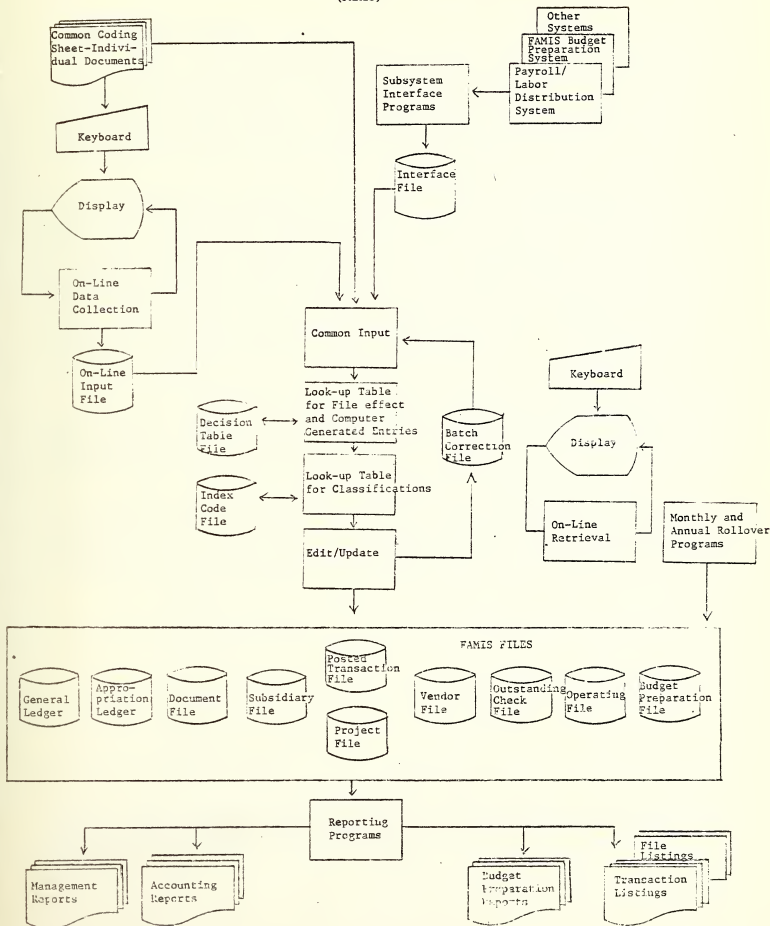
The outstanding warrant file maintains a record for every warrant issued which is accounted for in FAMIS.

Data is entered into this file as a result of input transactions which reference a treasurer's number. These transactions are sorted on the treasurer's number field, and a summary record by treasurer's number is merged into the outstanding warrant file. As warrants are returned from the bank, they are introduced to a reconciliation procedure which deletes the returned warrant from the file and summarizes an amount by bank for relief of the bank balance accounts. The outstanding warrant file is organized sequentially and is maintained on a disk storage unit.

FAMIS COMPUTER PROCESSING

The following subsections describe the computerized processing performed by FAMIS. Exhibit X-F presents an overview of the computerized system.

CITY AND COUNTY OF SAN FRANCISCO
OVERVIEW OF
FINANCIAL ACCOUNTING MANAGEMENT INFORMATION SYSTEM
(FAMIS)



Mainline Processing

Input to the mainline processing flow is through either an on-line or batch collection system. The FAMIS files will be updated in the daily batch processing cycle. The on-line data collection programs will provide for the entry of transactions in an on-line, interactive processing mode. The on-line programs will perform field edits. Validation fund and file control edits will be performed by the batch edit/update program.

Each record represents one transaction. Transactions are grouped into batches of no more than 25 entries. Each batch is preceded by a header transaction containing a batch total for the sum of the amounts for each transaction, a hash total of the transaction code column, and a hash count of the total number of transactions in the batch. Each batch is read in its entirety from the batch collection file or on-line input file, and totals are computed from the detail transactions of transaction amount field, transaction code column, and total count of transactions. These computed amounts are compared to the corresponding hash totals in the header record, and if different, the entire batch is flagged to go to the batch correction file after each transaction has been fully edited.

Edit of detail transactions begins by searching the transaction code/decision table file for the transaction code associated with the transaction, and if located, appending the contents of the transaction code/decision table file record to the transaction. This appended record will dictate the remaining edit requirements for that transaction.

When directed by the decision table, the index code is located in the index code file and the classification information is also appended to the transaction. The program then continues the process of editing and updating each transaction by accessing other files in the system depending on decision table requirements. These files include the following:

- . Document file
- . Subsidiary file
- . Vendor file
- . Project file
- . Appropriation file
- . Operating file

Each transaction which successfully meets the edit criterion is posted to the accounting files before the next transaction is considered, unless the entire batch has been flagged due to errors in the hash totals.

At the end of edit/update, those transactions which were successfully updated are written to the posted transaction file, while those transactions or entire batches which were flagged as errors are written to the batch correction file for recycling through the system. When transactions are written to the batch correction file due to errors in detail transactions, the associated batch header is written here as well, after changing the hash totals in the header to agree to the tally of the rejected transactions in that batch. Those transactions which were posted to the accounting files which resulted from the preparation of a check are written to the daily outstanding check file.

After update, the posted transaction file is merged with the current month-to-date transaction file to produce a new month-to-date transaction file. Corrections of errors in the batch correction file are introduced through a separate program, not in the main processing flow. Corrections are made to individual fields within a transaction record.

The batch correction file is introduced as part of the input for the next edit program execution, and those transactions which had been flagged as errors are again edited. Each failure to pass the edit results in the transaction again being written to the batch correction file and again being printed on the edit program recap listing.

Warrant reconciliation processing is performed if warrants have been returned by the banks and submitted for updating the outstanding warrant file. A returned warrant file is created from the returned warrants and processed against the current outstanding warrant file to produce a final returned warrant file, an updated outstanding warrant file, and an outstanding warrant register.

Finally, the following daily reports are produced:

- . Daily transaction listing by batch
- . Purchase order log, detailed voucher register, warrant register
- . Daily statement of treasurer's accountability report
- . Trial balance of General Ledger accounts by fund

On-line Retrieval

The FAMIS software provides for the on-line retrieval of data stored in the system's indexed-sequential master files. The FAMIS users will have access to the information contained in the following files:

- . General Ledger,
- . Appropriation Ledger,
- . Document,
- . Subsidiary,

- . Vendor,
- . Operating,
- . Project, and
- . Budget preparation.

The information will be as current as the last daily processing cycle.

Budget Preparation System

A budget preparation system is incorporated into and will be provided as part of FAMIS.

A report writer module is integrated with the budget preparation system so that unique reports and turnaround documents can be developed for the City. The budget preparation system is intended to provide an automated means of compiling and reporting budget information. It provides the information base necessary to:

- . Print historical balances by organization and object
- . Print current budget information
- . Project ending balances for current year
- . Input proposed, recommended and approved budgets
- . Automatically transfer approved budgets into the appropriate files

The principal benefit of the system is the elimination of the extensive clerical effort associated with the budget preparation process.

The budget preparation system will not provide for position control, detailed equipment items, or printing newspaper releases. The existing budget system will continue to perform these functions. A manual interface from the existing budget system to the FAMIS budget preparation system will be established to summarize the salary and equipment item detail to the sub-object level and spread the summarized salary and equipment budget data to the expanded data classification structure. This will be a time consuming process; however, it only has to be performed on an annual basis.

The FAMIS budget preparation system provides for a computerized interface to the mainline processing programs.

Sub-system Interface

The purpose of the sub-system interface program is to accept journal entry transactions from automated systems such as payroll and labor distribution and the FAMIS budget preparation system, and translate them into the format required by FAMIS mainline processing.

Records created by existing computerized systems must be in the standard interface detail records format. Each file of detail records must have a standard interface trailer record reflecting totals of those detail records. If detail records do not balance with totals in the trailer record, then processing is terminated with an error listing.

The interface file is created from the summarized system records and a FAMIS batch header record is created for each batch of 25 FAMIS transactions generated. The batch numbers assigned to each FAMIS batch header record is decremented from the beginning batch number input on an option card.

A printed listing is produced showing each standard interface detail record after sorting and the FAMIS transactions produced as a result of that detail record. The FAMIS batch header record will also be printed after each batch of 25 FAMIS transactions.

At the end of the processing cycle, a recap listing will be produced showing the following:

- . Batch number used,
- . Number transactions input,
- . Number transactions output, and
- . Number FAMIS batches output.

Month End/Year End Rollover

The purpose of the month end/year end rollover program is to:

- . roll all accumulators in the files at month end or year end,
- . drop those records that are closed, and
- . write the month's transactions to a history file.

This program reads an option card and, depending on the option specified, will perform month-end or year-end rollover processing. The rollover routines are discussed separately in the following paragraphs and the effects on the FAMIS files are listed by file. Since year-end processing differs only slightly from month-end, only the differences are listed.

Month-End Processing

FAMIS ISAM File

- Decision Table File - Number of records only counted, no rolling or purging of records.
- Index Code File - Number of records only counted, no rolling or purging of records.
- Document File - Number of input records counted, remaining balance on Documents computed. If zero balance, Document header and trailers are purged. If not zero balance, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- Subsidiary File - Number of input records counted, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- Vendor File - Number of input records counted, next month accumulators are added to Current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- Project File - Number of input records counted, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- Appropriation File - Number of input records counted, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- Operating File - Number of input records counted, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.
- General Ledger File - Number of input records counted, next month accumulators are added to current month accumulators and next month accumulators are zeroed out. Record is rewritten to FAMIS ISAM File and added to output record count.

- Report Title File - Number of records only counted, no rolling or purging of records.
- Error Message File - Number of records only counted, no rolling or purging of records.

Daily Posted Transaction File

No Activity against this file.

Month-to-Date Posted Transaction File

- If the Fiscal Month of the Transaction Record is equal to next Fiscal Month in the Parameter Segment, the Transaction Record is written to the new month-to-date Transaction Disk File.
- If the Fiscal Month of the Transaction Record is not equal to next Fiscal Month in the Parameter Segment, the Transaction Record is written to a monthly Transaction History File which is an individual magnetic Tape File for each History Fiscal Month.

Year-End Processing

FAMIS ISAM File

- Decision Table File - Same as Month-End.
- Index Code File - Same as Month-End.
- Document File - Same as Month-End.
- Subsidiary File - Same as Month-End except for the additional check to see if the Subsidiary Record is flagged as a code "D" in the Delete Control Byte. If flagged as "D" then the Subsidiary Master Record and all Trailer Records of that Master Record are purged from the file.
- Vendor File - Same as Month-End except for the move of current Year-to-Date Vendor accumulators to Previous Year accumulators and the zeroing out of Current Year-to-Date accumulators.
- Project File - Same as Month-End.
- Appropriation File - Same as Month-End.

- . Operating File - Same as Month-End except for the additional move of Previous Fiscal Year accumulators to Second Previous Fiscal Year, the move of Current Fiscal Year accumulators to Previous Fiscal Year, and the zeroing out of Current Fiscal Year accumulators.
- . General Ledger File - Same as Month-End except for the additional move of Current Fiscal Year accumulators to Previous Fiscal Year accumulators and the zeroing out of Current Fiscal Year.
- . Report Title File - Same as Month-End.
- . Error Message File - Same as Month-End.

Daily Posted Transaction File

No activity against this file.

Month-to-Date Posted Transaction File

- . No activity against this file since this file will start again with the new Fiscal Year, and the last transaction from this file should already be on a magnetic Tape File for the History Month. This will have been accomplished through Final Month-End processing for the current Fiscal Year.
- . At the end of this program, a Recap Listing is printed which shows the number of records output for each file and each section of the FAMIS ISAM File. The Parameter Segment is also modified at end of job by moving next Fiscal Period to Current Fiscal Period and closing next Fiscal Period by moving "CLOS" to the Field.

XI - DATA PROCESSING CONSIDERATIONS

This section of the report describes the following data processing considerations:

- . Data Input and Control Concepts
- . Volume Estimates
- . Computer Hardware Requirements

DATA INPUT AND CONTROL CONCEPTS

The expected high volume of daily transactions being processed through the new accounting system makes it extremely important to give careful consideration to data input and control concepts. Unless data input is accomplished in an efficient and effective manner, processing of accounting data will be costly and time-consuming.

Data Input

Efficiency in data input depends largely on the following factors:

- . Selection of the appropriate data entry medium;
- . Placement and control of the data entry operation;
- . Method of data transmission, and
- . Level of input detail.

Each of these topics is discussed in the following paragraphs.

Selection of the Data Entry Medium

A large number of options exists for the data entry medium. These range from keypunch, key-to-tape, key-to-disk, optical character recognition, optical mark recognition, through on-line data entry and input edit via interactive terminals. The selection process must be constrained by the following factors:

- . Input transactions will originate in departments dispersed throughout the City;
- . High volume input will consist of fairly routine disbursement and receipt accounting transactions;

- . Certain types of accounting transactions, such as those involving payments to vendors, require quick entry and validation procedures, and
- . Selective repetition of certain data fields and limited edit control capabilities are required to minimize input effort and error correction activities.

The basic accounting system will provide for two methods of inputting accounting transactions:

- . on-line interactive data collection, and
- . conventional keypunch cards.

On-line interactive data collection was selected for the following reasons:

- . The existing budget and appropriation systems provide for on-line data input; therefore, City employees will not have to learn a new technology;
- . The computer terminals required for this input method are already installed, and
- . The City's data center currently supports IBM's communication software, CICS, which is compatible with FAMIS.

On-line data collection will provide for batch, field, and validation edits. Appropriation control edits require editing against the contents of the master files and will be performed during the daily batch edit/update processing. Transaction editing is discussed in greater detail later in this section.

Conventional data entry using card or key-to-disk input will provide a backup to the on-line system.

Placement and Control of the Data Entry Operation

The on-line data collection operation will be centralized in the Controller's office. This will provide the opportunity for efficiency of operation and the effective management control of data input and error correction. Source documents will be forwarded to the Controller's office for input to the basic system as is currently being done under the existing system. The Controller's personnel will prepare the data in a format that is machine readable using the on-line terminals or, alternatively, will send the source documents and/or coding forms to data processing for key entry.

At some later point in time it may be feasible to allow selected operating departments to input data into the on-line data collection sub-system. Once reviewed and validated by Controller's office personnel, it would then be released for processing. This alternative should be explored in detail once the system is operational.

Method of Data Transmission

It is anticipated that the input documents for the accounting system will be submitted by the operating departments to the Controller's office in batches to aid identification, encoding and control. Each batch of documents will be accompanied by a batch transmittal cover sheet containing sufficient detail and control information to permit data transcription. After the normal transmittal audit has been performed, the transaction batches will be transcribed and input into the system. Transaction counts and batch amounts will provide for input control at the batch level.

Level of Input Detail

The level of detail required for coding input data is a function of the type of accounting transaction being entered into the system, and the detail of cost-related data being maintained by the department submitting the transaction. It is expected that during the first year of system operation only a relatively small number of City and County operating departments will utilize the complete classification structure encompassed in the system. This will limit the amount of input coding that will be required and should also maintain coding and input errors at the manageable level.

Data input is a very important part of the processing system. Therefore, considerable attention will be given during Phase II to the design of the data input function to achieve maximum efficiency and control.

Data Control

The value of accounting information lies in its ability to reduce uncertainty about the actual state of affairs created by the occurrence of a series of accounting events. Uncertainty can only be reduced if the information generated by the system is accurate and complete or if the users of the information have knowledge of what information is inaccurate and have the means available to make appropriate adjustments in the data.

When the organization is highly complex, such as the City and County of San Francisco, the question of accuracy and completeness of accounting information becomes critical. In this environment, there are multiple users of the information generated by the system and many of them are completely dependent upon this data to inform them about the

state of affairs of the organization. Certain financial management personnel, for example, are far removed from the day-to-day operations and have no capability to judge, without thorough investigation, whether a series of events reflected on a report actually occurred in the manner indicated. Since they generally have no means of verifying the information, they have no ability to make allowances for inaccurate information. It is critical, therefore, that the information reflected on all reports of the City's accounting system be accurate.

Editing of Transactions

To a great extent, the accuracy of the system's master files is dependent upon the number and type of edits performed at the time of data input. To ensure the accuracy of input to the new accounting system, it will be subjected to the following types of edits: batch edits; detail field edits; validation edits, and fund control edits. Each of these is generally described below:

- Batch edits - Provide for the validation of batch transaction counts, batch amounts, and other batch-related coding. When a batch of transactions fails any of the batch edits, all transactions are placed on a pending error file to await correction. Only after a batch has been balanced can its transactions be released to update the system's financial master files. Batch edits will be performed by the on-line data collection sub-system. Identified errors will be reported to the data entry operator for correction.
- Detail field edits - Provide for the validation of input data field content through generic edits (i.e., a field must be numeric) and edits for the completeness of the transaction (i.e., the vendor code must be entered). Detail field edits will be performed by the on-line data collection sub-system.
- Validation edits - Provide for the validation of input data field content by comparing the entered code with the codes previously stored in the computer files. For example, the index code entered on an input transaction must exist in the system's index code table. Validation edits will be performed by the on-line data collection sub-system.
- Fund control edits - Provide for the ability to flag and hold transactions on the error file when the available funds at the appropriation level are

insufficient and posting of these transactions would over obligate appropriation account balances. Fund control edits will be performed during the daily batch processing cycle.

Error Correction

Another factor which is important to maintaining a high degree of accuracy of information is the exercise of tight control over transactions found to be in error during the system's edit process. Entries which are rejected as the result of some error condition must be corrected and reprocessed. Unless this is done on a timely basis, data contained in the system may well be incomplete and, as a result, inaccurate.

The proposed method of controlling rejected items has been found to be most effective and easy to manage. Items with errors detected in batch processing are maintained in the system's suspense error file. The transactions in error remain on this file until corrections have been made and the transactions have been passed through the edit cycle and have been posted. Errors detected by the on-line data collection sub-system will be reported as they are detected.

Audit Trails and Control

The basic audit trail in the system is through the transaction history file. Each transaction entering the system will be assigned a unique identifying number. This transaction ID will consist of a batch, line, and sequence number. This data together with appropriate document/warrant information will be maintained on the transaction history file.

In addition to the transaction history file which will be available for selective retrieval and reporting, all operating departments will be provided with the positive feedback of a daily input transaction register. This register will indicate all transactions posted to each department's accounts on a given day.

Additional control will be provided at the batch level. At input preparation time, each batch will be recorded on a manual log showing transaction counts and control totals. The status of each batch can then be tracked until the entire batch has passed the edit cycle and is on the transaction history file.

VOLUME ESTIMATES

To a large degree, the number of transactions processed by an accounting system determines the number of people required to input data to the system. It also has a significant impact on the cost of operating

that system. For the purpose of estimating the resource requirements of the new accounting system, an analysis was performed of current accounting activity to project the estimated transaction volumes that can be expected once the system becomes fully operational. Exhibit XI-A indicates the results of that analysis.

Based on a number of assumptions, the annual volume of accounting input activity will be between 1,000,000 and 1,250,000 transactions. Not all of these transactions will require the same level of data keying effort to prepare them for input to the system. However, to arrive at an estimate of personnel required to input data, each type of transaction was assumed to require 35 key strokes. A summary of the nature of accounting entries included in the major groups of transaction types, and the major factors which impact the data keying efforts associated with inputting these transactions, are contained in the following paragraphs.

Budget Transactions

At the beginning of each fiscal year approximately 194,000 transactions are required to establish annual appropriation balances. These transactions will be entered into the budget preparation system. Once the budget is adopted, the transactions will be transferred into FAMIS. During the remainder of the year, approximately 500 transactions per month are anticipated to record adjustments, budget amendments, and budget transfers.

Receipt Transactions

At the current time, the City processes 400 receipt and receipt adjustment transactions per day, or 100,000 transactions per year. Since the receipt transactions processed by FAMIS will be coded at a finer level of detail, the volume can be expected, for planning purposes, to be 200,000 transactions per year.

Expenditure Transactions

The number of transactions generated by the automated payroll system in machine-readable form to record payroll distributions at the most detailed level is estimated to be in the 50,000 to 100,000 range each two week period. However, through processing before entry into the accounting system input edit/update processing module, payroll charges can be combined to produce an annual input volume of approximately 250,000 transactions per year, at a rate of 10,000 transactions every two weeks.

The City currently processes 163,000 other expenditures per year through the appropriation system and issues 30,000 vendor payments annually. The 190,000 annual volume of expenditure transactions will increase to approximately 360,000 transactions because of the more detailed data classification structure in FAMIS.

CITY AND COUNTY OF SAN FRANCISCO
ESTIMATE OF ANNUAL AND MONTHLY TRANSACTION VOLUMES

TRANSACTION TYPE	ANNUAL VOLUME	MONTHLY	
		AVERAGE	KEY-EDIT
Budget transactions	200,000	17,000	500 ⁽¹⁾
Receipts	200,000	17,000	17,000
Expenditures:			(2)
Payroll	250,000	20,800	
Other	360,000	30,000	30,000
Miscellaneous:			
Encumbrance	70,000	6,000	6,000
Other	100,000	9,000	9,000
Totals	1,180,000	99,800	62,500

- (1) Approximately 20,000 transactions needed to establish the new annual budget will require processing during the last 5-6 months of the previous fiscal year. During the remainder of the year, an estimated 250 transactions per month will be required to record budget transfers and adjustments.
- (2) Payroll distributions are expected in machine-readable form (magnetic tape) and should not require any key-edit data entry activity.

CITY AND COUNTY OF SAN FRANCISCOESTIMATE OF DAILY KEY STROKES

TRANSACTION TYPE	DAILY VOLUME	KEY STROKES
Budget	23	805
Receipts	775	27,125
Expenditures	1,370	47,950
Miscellaneous	1,250	43,750

Average Key Stroke Production Volume

Per Operator Hour	8,000
Per Operator Day (7 hrs.)	56,000
Total Daily Key Strokes Required in Full Operation	119,630

Estimated Maximum Number of Key-
edit Positions Needed:
(119,630 ÷ 56,000)

3

Miscellaneous Transactions

The City currently processes approximately 35,000 encumbrance transactions annually. This will increase to 70,000 under the new system. Other miscellaneous transactions include capital improvement and project authorizations, work orders, closing and adjusting entries, and table maintenance.

Data Input Personnel Requirements

The level of data input personnel needed is a direct function of the input transaction volume to be key-entered. Exhibit XI-B shows an estimate of the number of key strokes per day by type of transaction.

The average daily transaction volume was derived from Exhibit XI-A. The number of key strokes shown assumes 35 key strokes for all types of transactions. This average key stroke rate assumes that efficient use is made of the display terminals' capabilities.

To arrive at the number of key-edit positions needed, an average key stroke volume of 8,000 for a 7 hour day was assumed and applied to the total estimated daily key stroke volume of about 99,800. The result indicated a need for 3 key-edit positions available daily.

In addition to the three terminals required for data input, two terminals will be required for information retrieval.

HARDWARE REQUIREMENTS

In order to support the new accounting system, significant computer resources must be available. The City's IBM System 370/158's in their current configuration will be used to support the system. Also, on-line terminals located in the Controller's office will be used for the majority of system input and information retrieval. In addition, it may be necessary at times of heavy volume (e.g., budget preparation) or terminal malfunction to submit transactions to data processing for key entry and batch processing.

Exhibit XI-C provides a preliminary estimate of the hardware and software requirements necessary to support the new accounting system. Exhibit XI-D provides an estimate of the processing requirements once the system is operational.

CITY AND COUNTY OF SAN FRANCISCO
ESTIMATE OF COMPUTER HARDWARE REQUIREMENTS

Central Computer

- . IBM 370 Model 158
- . Operation under OS
- . 1 private Model 3330 Disk Pack, permanently mounted
- . 100 Reels 9-track Tapes, Standard labels, for history files and backup and recovery
- . 256 K Region (max.) core during processing
- . Use of standard IBM utilities and compilers
- . Use of procedure library to catalog user procedures for testing and production
- . Use of source and load libraries for program storage
- . Turnaround time for production runs:
 - less than 2 hours for jobs
 - using less than 3 minutes CPU time
- . CICS operational, on-line, during normal working hours

On-Line Terminals

- . five 3270 display terminals or equivalent
 - 2 for retrieval only
 - 3 for input and retrieval
- . one 3284 slave printer or equivalent
- . one 2740 typewriter terminal or equivalent

Other

- . Turnaround time during system implementation: less than 2 hours during normal working hours
- . Test time on nights and weekends as required
- . Key punch turnaround for COBOL program code:
 - less than 48 hours
- . Availability of terminals for programmers during system implementation

CITY AND COUNTY OF SAN FRANCISCO
ESTIMATE OF COMPUTER PROCESSING REQUIREMENTS

TYPE OF RUN	OPERATIONAL SYSTEM RUN ESTIMATES		AVERAGE RUN FREQUENCY		
	CPU TIME*	OUTPUT	DAILY	WEEKLY	MONTHLY
	less than:	Print Lines			
Input Edit & Update	5 min.	4,000	1		
Table Maintenance	2 min.	10,000 - 20,000		1-2	
Reports					
Weekly	3 min.	2,000 - 5,000		5	
Monthly	5 min.	100,000			1
Monthly	2 min.	1,000 - 10,000			10
Miscellaneous	2 min.	1,000		20	
Month/Year-end Rollover	5 min.	1,000			1
System Maintenance					
Security Backup	1 min.	1,000	1		
System Recovery	1 min.	1,000			
Continuing Development	1 min.	1,000 - 3,000	3-4		
(New Reports, Modifications)					
Utilities	20 sec.	1,000		1-2	

* Assuming hardware configuration described in Exhibit XI-C

XII - ROLE OF THE PRESENT AUTOMATED SYSTEMS

This section of the report presents a discussion of the future role of the currently automated systems once the new accounting system becomes operational. Specifically, this section of the report identifies:

- . Existing systems that will be replaced by the new accounting system;
- . Existing systems that will provide transactions to the new system or use information generated by the new system, and
- . Existing systems that should be modified in order to report information using the same coding structure as the new system.

This section also identifies the requirement for several new systems to perform specialized financial and/or operating functions.

The section is organized as follows:

- . Existing Systems to be Replaced
- . Existing Systems to be Interfaced and/or Modified
- . Existing Systems Requiring No Changes
- . Requirements for New Systems

Exhibit XII-A displays a listing of all the systems reviewed and the recommended future role for each system.

EXISTING SYSTEMS TO BE REPLACED

The systems that will be replaced by the new accounting system are briefly described in the following paragraphs. The set of letters to the right of the system name is the data processing project code assigned to the system.

Appropriation Ledger - CFB

The appropriation ledger system provides for:

- . Initializing the appropriation ledger at the beginning of the fiscal year;
- . Daily updating and maintenance of account balances;

CITY AND COUNTY OF SAN FRANCISCO

ROLE OF EXISTING SYSTEMS

<u>Project Code</u>	<u>Title</u>	<u>Role</u>
SAA	Salary Ordinance/Salary Standardization	No change
SAH	Sick and Annual Leave Processing	No change
SAM	Certification and Requisition	No change
CAA	Employee Payroll	Replaced by MSA
CAB	Social Security Deductions	Replaced by MSA
CAC	Voluntary Deductions	Replaced by MSA
CBS	Budget System	Still required for A sheets and B sheets, modifications required
CET	Earnings and Tax	Replaced by MSA
CFB	Appropriation Ledger Accounting	Replaced by FIRM System
CFC	Appropriation Ledger Statistics	Replaced by FIRM System
CIR	Federal and State Information Returns	Interface from FIRM System
CMW	Miscellaneous Warrants	Replaced by FIRM System
COW	Warrant Reconciliation	Interface from FIRM System, modification required
CPR	MSA Payroll	Interface to FIRM System
CRS	Revenue System	Replaced by FIRM System
CWR	Warrant Register	Replaced by FIRM System
CBE	Nine Year Expenditure	Replaced by FIRM System
CBR	Nine Year Revenue	Replaced by FIRM System
CFD	Controller's Work Order	Replaced by FIRM System
CHA	General Office Miscellaneous	Replaced by FIRM System
CPO	Vendor Payment	Replaced by FIRM System
CTA	Accounts and Reports Tax	No change
TRE	Warrant and Cash Accounting	Replaced by FIRM System
PPI	Purchasing and Inventory System	No system exists
PSA	Central Shops Accounting	No change
PUR	Purchase Register and Statistics	P.O. listing replaced by FIRM System
PAA	Public Work Accounts	Labor distribution to be replaced by FIRM System and MSA
MOC	SFGH Cost Accounting	No change
MOL	SFGH Labor Distribution	Replaced by MSA
RET	Retirement Accounting and Membership	No change
REM	Retirement Medical Compensation	Interface to FIRM System, modification required
HAA	Health Service Membership	No Change
VAA	Voter's Registration - Election Officers	Replaced by FIRM System
	Utility Billing - Water	Interface to FIRM System, modification required
	Social Service Warrants	Interface to FIRM System, modification required

- . Producing monthly statements and reports, and
- . Closing and forwarding the process at the end of the fiscal year.

The appropriation ledger accounts are initialized from the budget master file. There are seven amount fields per account: expended, encumbered, unencumbered, allotted, unallotted, reserved and appropriated transfers. Daily transaction processing is accomplished by punched card batch updating and on-line maintenance using terminals located in the Controller's office. The capability to certify the availability of funds and to record each certification is provided.

As a matter of necessity, the appropriation ledger must be closed at 12:00 P.M. on the first business day of each month in order to capture its status for statement purposes, and it must be reopened as soon as possible the same day to process transactions for the new month. Monthly trial balances and statements are produced that same day as part of the monthly cycle.

The system does not provide for an automated interface to the General Ledger or other significant subsidiary ledgers such as document detail (receivables, payables, etc.) or vendor. The ability to process only one open accounting period at a time is a serious limitation.

Appropriation Ledger Statistics - CFC

This system's primary function is to generate two reports: the Budget Statistics Register and the Expense and Outlay Distribution. Both reports are cumulative and prepared monthly.

The Budget Statistics Register is a breakdown of each expenditure item by detail object for each appropriation account summarized by department and fund. This data is then accumulated by budget line items, reconciled and forwarded to each department as budget historical data in preparation of the annual budget.

The Expense and Outlay Distribution report totals object of expenditures within appropriation account numbers and General Ledger expense and outlay control accounts. This report is used to reconcile the appropriation expenditures with the General Ledger.

Miscellaneous Warrants - CMW

This system prepares warrants for individuals or firms that are not established as vendors. For example, this system prepares warrants for election workers.

Revenue System - CRS

This system provides daily updating of the revenue master file. It generates daily, monthly, semiannual and annual reports showing budget estimates, budget modifications, cash receipts, revenue adjustments, sales tax, and other related information. Distribution of receipts by source and summarization by funds is provided as well as year-to-date information. A preliminary "1910" revenue report is prepared within ten days following each month and forwarded to the accounts reports division for adjustments and correction prior to the production of the final monthly report.

Warrant Register

This system records all warrants issued and summarizes the work order register, the payroll register, the social service register, the purchase order register and other registers to prepare General Ledger journal entry numbers 9, 10 and 11.

Nine Year Expenditure - CBE

This system collects and reports nine years of historical expenditure information from the budget master file.

Nine Year Revenue - CBR

This system collects and reports nine years of historical revenue information from the budget master file.

Controller's Work Orders - CFO

This system lists the performing and requesting work orders.

General Office Miscellaneous - CHA

This data processing project performs a warrant-writing function that will be replaced by the existing Vendor Payment System on July 1, 1977.

Vendor Payment - CPO

The Vendor Payment System maintains a vendor master file and an encumbrance master file. The system provides for the encumbering and liquidation of all encumbrance detail. Reports are prepared on a daily, monthly and annual basis. General Ledger journal entry 17, encumbrance and liquidation control, is prepared manually from this system. This system also provides manual input to the Warrant Register for journal entries 9, 10 and 11.

Warrants and Cash Accounting - TRE

This system provides for the accounting and maintenance of the Treasurer's cash balances by fund. Deposits, disbursements and cash transfers for each departmental fund are processed daily. Daily and monthly summary statements of receipts and disbursements are prepared. The Treasurer's annual balance sheet is also prepared.

Purchase Register and Statistics - PUR

This data processing project provides for the maintenance and operation of seven independent applications:

- . Purchase orders,
- . Trash collection in City buildings,
- . City-owned vehicles,
- . Contract statistics,
- . Equipment budgeted each July,
- . Bid index, and
- . City-wide equipment inventory.

The new system will replace the purchase order application which lists open purchase orders.

Warrant Register - CWR

The warrant register records all warrants issued and records summaries from the work order, payroll, social services and purchase order registers. General Ledger journal entries 9, 10 and 11 are manually prepared from the reports generated by this system.

Voter's Registration - Election Officers - VAA

This system prepares warrants for office space and supplies used during the election.

EXISTING SYSTEMS
TO BE INTERFACED
AND/OR MODIFIED

Much of the basic information which enters an accounting system must come from financial systems designed to assist in the operation of a specialized function or task. Additionally, there are some instances where the information generated from the accounting system serves as the basic input to a highly specialized system. It is essential to the effective operation of both the new accounting system and the individual specialized systems that the means of transmitting the data between the two systems - the means of interface - is efficient.

Efficiency does not necessarily mean that there must be a mechanized method of passing data between the accounting system and the specialized system. The means of interface depends primarily on the frequency of interaction between the two systems and the number of transactions that must be passed from one system to another. If the interaction is infrequent and only a few transactions must be passed between the systems, a manual interface may be sufficient. If, on the other hand, there are frequent interactions with high volumes of data, then a mechanized interface is appropriate.

The objective of this sub-section is to identify those specialized systems to which an interface is required. The specific design of the interface (i.e., the data elements that must be exchanged and how the exchange will be accomplished) will be determined in Phase II of this project.

MSA Payroll/Labor Distribution

The City and County of San Francisco is in the process of installing a payroll/labor distribution system purchased from Management Sciences America, Inc. (MSA). The new system is scheduled for implementation in April 1978. The objectives of the new payroll system are:

- . To prepare paychecks for all regular and contractual City and County employees;
- . To maintain payroll records for all employees paid by the system;
- . To provide the Controller's office with summary payroll cost data by the new accounting system's data classification structure;
- . To distribute labor costs to the levels of detail required by the operating departments, and
- . To prepare internal and external reports.

The new payroll system with labor distribution will replace the following existing systems:

- . Employee Payroll - CAA,
- . Social Security Deductions - CAB,
- . Voluntary Deductions - CAC,
- . Earnings and Tax - CET,
- . SFGH Labor Distribution - MOL, and
- . Public Works Accounts - PAA.

The new accounting system will require the following information from the payroll system:

- . Gross pay,
- . Withholdings for FICA, insurance, etc.,
- . Other fringe benefits such as vacation and sick leave,
- . Net pay,
- . Employer's matching contribution,
- . Month-end accrual,
- . Reverse of prior months' accrual, and
- . Hours.

The system will require this information by:

- . Index code - six characters,
- . Sub-object - three characters, and
- . Work order/project - six characters.

The labor distribution module allows up to 22 characters for levels to which labor costs can be distributed. The new accounting system will require two levels, each six characters, for index code and project/work order. The sub-object code can be obtained from the accumulators stored in the labor distribution master file and generated by the extract program. For example, some of the accumulators are:

- . Regular earnings current,
- . Regular earnings accrued,

- . Overtime earnings current,
- . Overtime earnings accrued,
- . Employer FICA current,
- . Employer FICA accrued,
- . Etc.

Federal and State Information Returns - CIR

Federal tax law requires the City to report earnings in excess of \$600.00 paid to individuals for personal services and interest payments in excess of \$10.00. This system prepares Form 1099 for the Federal government and Form 596 to the state government.

The check writing sub-system will accumulate payments made to individuals during the year and report this information to CIR on a semiannual basis. Reporting twice a year is necessary because the new accounting system will be on a fiscal year basis. CIR will have to combine the information reported by the accounting system prior to producing the 1099 and 596 reports at the end of the calendar year.

Warrant Reconciliation - COW

This specialized system reconciles all warrants issued by the City. The new accounting system will reconcile all warrants written by the check writing sub-system. This information will be provided to COW. The warrants issued by FAMIS will require a micro encoding strip. This will allow the bank to prepare a reconciliation tape.

This system will have to be modified to be compatible with the coding structure included in the new accounting system.

Retirement Medical Compensation - REM

This system processes the retirement system medical compensation statements to produce a weekly medical claims compensation payment roll and payment warrants. The detail of the payments is processed and maintained to provide accounting, historical and statistical information for administrative and actuarial purposes. This system will provide FAMIS with the journal entry transactions necessary to record the warrants issued. This system will have to be modified in order to be compatible with the new expanded classification structure.

Utility Billing - Water

This system prepares the water bills sent to consumers. This system will provide FAMIS with the journal entry transactions required to record accrued revenue. To be compatible with the new expanded classification structure, the system will have to be modified.

Social Service Warrants

This system prepares the social service warrants for welfare recipients. At the current time, the payments are summarized to the appropriation account number level and input into the Warrant Register. The new system will require payments to be summarized at the index code level for input into FAMIS. The Social Service Warrants system will have to be compatible with the expanded classification structure in the new system.

Budget System - CBS

The existing Budget System will continue to be used for generating and processing the A sheets (detailed labor information) and B sheets (detailed equipment items). The output from the current Budget System will be summarized and input into the FAMIS budget preparation sub-system.

The programs currently used to process the A sheets and B sheets will have to be modified to be compatible with the new expanded classification structure.

EXISTING SYSTEMS REQUIRING NO CHANGES

Several systems that were reviewed during the development of this report will not be altered by the installation of the new accounting system. These systems are briefly described in the following paragraphs.

Salary Ordinance/Salary Standardization - SAA

This system is designed to maintain and print the Annual Salary Ordinance and the Salary Standardization Ordinance. It processes salary data collected from other jurisdictions and produces statistical reports for the annual wage and salary surveys. It supplies the Civil Service Department with basic information, comparison reports and level charts to estimate the impact of salary increments on the total budget.

Sick and Annual Leave Processing - SAH

This system is designed to record the vacation and sick leave taken by City employees. The system generates the vacation and sick leave register and other reports.

Certification and Requisition - SAM

This system provides monthly status reports of salary ordinance positions enumerated in the annual budget. The system also provides support for non-civil service accounting, requisitions and certifications.

Purchasing and Inventory System - PPI

This data processing project has not been fully funded. The purpose of the project is to purchase a purchasing and inventory system that will provide for a comprehensive commodity file. It will also provide a computerized cost accounting system for the reproduction bureau and central shops and a warehouse and inventory system. The package will give the purchaser access to commodity data by object, vendor, area of purchase and appropriation.

Once implemented, this application system would have to be interfaced with FIRM.

Central Shops Accounting - PSA

This project generates shop expenditure reports, auto inventory statistical reports, and gas/oil/mileage reports. The system simply consists of card input and transaction listing output. Only several calculations are performed.

Retirement Accounting and Membership - RET

This project provides the data processing services for the accounting, membership, and investment divisions of the retirement system. The project includes the gathering and processing of payroll records and data, the establishment and maintenance of retirement records, and the processing of statistical, historical, and informational reports.

Health Service System Membership - HAA

This system receives its input from payroll deductions, retired allowance deductions, and direct payment. The system maintains the membership and dependent file and the contribution file.

REQUIREMENTS FOR NEW SYSTEMS

There appears to be a need within the City for several highly specialized financially related systems. These systems are briefly identified in the following paragraphs.

Position Control

An adequate position control system would provide for the continuous monitoring of all permanent and temporary employment positions by department, division, section, position classification, salary range, etc. Reports could be prepared that identify:

- . newly budgeted positions,
- . filed positions, and
- . vacated positions.

A position control system would provide input into the budget preparation process, prepare the annual salary ordinance, and support the civil service function.

Hospital Cost Accounting

The State of California and the Federal government place stringent reporting requirements upon hospitals. An adequate cost accounting system is required for the City and County hospitals in order to meet these stringent reporting requirements, receive and account for state and Federal funds, and effectively manage the operation.

Maintenance Management Systems

The Public Works Department performs many repetitive maintenance activities such as street cleaning, street paving, park maintenance, etc. A maintenance management system would allow the department to adequately budget these activities in dollars (such as the cost of labor, equipment, and materials) and in performance indicators (such as number of miles of street swept and level of service to be provided). The maintenance management system would provide the budget preparation system and the new accounting system with the maintenance activity budget data. Actual results, dollars and performance measures would be recorded by FAMIS. FAMIS would also generate reports that display budgeted dollars and performance against actual dollars and performance.

Equipment Cost and Utilization

The City has a need for a system that can adequately monitor equipment (cars, trucks, buses, etc.) cost and utilization. An equipment cost and utilization system would:

- . Provide for the proper budgeting of equipment cost and utilization;
- . Provide for the development of standard rates for equipment units by unit or by equipment type;
- . Charge for equipment utilization based on the standard rate;
- . Monitor actual cost against planned cost, and
- . Monitor actual utilization against planned utilization.

At the current time, the City has no way of determining if an expenditure for a new car is justified. The only parameter the City can measure and monitor is cost. An equipment cost and utilization system would provide for the monitoring of cost and utilization. Reports could be prepared which display cost per mile or cost per hour.

Another benefit of such a system is that cost/performance can be monitored by each equipment unit, by equipment type (e.g., large cars versus compact cars), by department, by location, etc. Problem vehicles could be identified for maintenance or replacement.

Fixed Asset System

FAMIS will provide the accounting control functions for fixed assets in the General Ledger. The system will track the financial value of fixed assets by fund, department, and location. The City has a need for an extension of this system. The fixed asset system would provide for recording and controlling assets by item number, original value, salvage value, current market value, etc. A fixed asset system would also provide for the automatic generation of depreciation transactions.

XIII - IMPLEMENTATION PLAN

This section describes the general approach to be taken and the timetable for the implementation phase. A detailed task plan is also presented for the next phase of the FIRM System project - implementation of the basic system (Phase II).

OVERVIEW OF APPROACH AND TIMETABLE

The original FIRM System project plan, as presented in our proposal, described the general approach to be taken to the development of financial information system and resources management practices in the City and County of San Francisco. The requirements definition work (Phase I) of the project has not resulted in modifications to the FIRM objectives as originally established nor to the basic approach that should be taken. The work accomplished to date has, however, identified several critical areas of the implementation effort that must receive significant and sustained focus if the overall FIRM System concept is to be accomplished successfully.

First, the Controller's Department will undergo substantial change as a result of installing a computerized, integrated financial management system. The majority of current operating procedures within the accounting department will be impacted to varying degrees. The successful implementation of the basic system by June 1, 1978 will demand significant time to train the Controller's staff in the use of the system and to make necessary revisions to the attendant clerical processing procedures. Accordingly, FIRM System project team resources will be assigned to spend significant time in the Controller's Department starting July 1, 1977 and continuously through implementation on June 1, 1978. Thus, the emphasis during Phase II - implementation of the basic system - will be on preparing the user environment. To facilitate this dedication of resources, it is strongly recommended that modification to the basic FAMIS software, beyond that contemplated as a result of this document, be minimized or deferred until the basic system is operational and the user has assumed responsibility for the system. This statement of priority should help assure the successful meeting of the June 1, 1978 deadline and the proper training of City accounting staff in the effective use of the basic system.

A second area of the overall implementation phase that has been modified as a result of work performed to date is the strategy and approach to be taken to implementing program budgeting and performance accounting. These phases correspond to Phases III and IV, respectively, of the original project plan. Initially, it was viewed that these two phases should be performed in a sequential fashion. In reality, the definition of programs, performance measurement criteria, budgets and standards should be performed in parallel on a department-by-department basis. It is therefore recommended

that one-half of the City's departments be taken in fiscal year 1979 and the other one-half of the departments in fiscal year 1980. The development of programs, budgets, and performance measurements criteria should begin in the fourth quarter of fiscal 1978 and proceed through the following budget cycle. The same process should be followed the subsequent year.

This approach will provide the opportunity to understand each department's activities prior to definition of program structure, development of program budgets, and establishment of performance measurements, reporting and evaluation techniques. It should be emphasized, however, that the effective development of a programmatic system is iterative in nature. As a result of the implementation of the basic system in June 1978, the City's affairs will be restated along programmatic lines at the function and program level as discussed previously in this report. Additional detail will be developed as a result of working within the individual departments during Phases III-IV. Following a few years of experience, additional refinements will be made. The FIRM System will recognize this natural evolution and provide for the needed flexibility in its structure.

The Exhibit XIII-A on the following page presents the revised project timetable. Phase II - implementation of the basic system - is detailed by major task. Phases III-IV are presented in summary form. As the chart illustrates, the June 1, 1978 deadline is provided for and will be met.

It is not envisioned that additional resources will be required to complete the implementation of the basic system (Phase II). The City should consider, however, assigning high priority to the enhancement or redevelopment of automated sub-systems with which FAMIS must interface. The improvement of these systems will alleviate the burden associated with the interfacing with FAMIS in early years as well as provide the using departments with better tools to perform the respective functions.

DETAILED WORK PROGRAM - PHASE II

The following paragraphs define the major tasks and activities to be performed over the next 12 months to accomplish full implementation of the basic system by June 1, 1978. Although the tasks follow generally those originally proposed, important modifications have been incorporated as a result of the requirements definition phase. Description of tasks to be performed during Phases III-IV remains at a very general level. After the pilot program is underway this coming fiscal year, a more specific work program and training approach will be developed.

Task 1 - Define System Specifications

In this task, the project team will further develop the generalized system description which is included in this report. Several subtasks will be required to complete the system specifications.

CITY AND COUNTY OF SAN FRANCISCO
FIRM SYSTEM PROJECT IMPLEMENTATION TIMETABLE

PHASE/TASK	FY 1978				FY 1979				FY 1980			
Phase III: Installation of FANIS												
1. Define System Specifications												
2. FANIS Program Modifications												
3. Develop Interface Systems and Procedures												
4. System Testing												
5. Documentation and Users Manuals												
6. Training Program												
7. Pilot Department Implementation												
8. Conversion Planning?												
9. System Implementation												
Phase III-IV: Program/Performance Budgeting Implementation												
1. Phase III Departments												
2. Phase IV Departments												

▲ Major Deliverable
 & Milestone

● Major Milestone

Subtask 1A - Finalize Reporting Requirements

The key objectives of this subtask are to refine the design of the reports to be produced by the system and to obtain the approval of City management. Each report will be described in narrative as well as displayed on a standard printer spacing chart. The report layouts included in this document are the first draft of the system reports to be refined in this subtask.

An important component of this subtask will be the definition of information to be shown on CRT display devices when on-line inquiry to FAMIS files is made.

The report narratives will be similar to those included in this document, but more detailed. Each report narrative will include:

- . Purpose
- . Headings
- . Content
- . Sequence
- . Significant totals
- . Volume
- . Distribution
- . Output media (e.g., paper, microfiche, or CRT display device)
- . Timing
- . Controls
- . Type of form (e.g., preprinted, fanfold, etc.)

The printing spacing chart will graphically depict the report and will show headings, sequence, and totals.

In order to achieve the final design of the system reports, a series of discussions will be held with City management using the pro forma reports from this document as discussion guides. Upon finalization of report content, they will be transferred to printer spacing charts as described above.

Subtask 1B - Finalize Accounting Coding
Structure and Data Classification System

In this subtask, the project team will finalize the accounting coding structure and prepare the data for entry into the computerized FAMIS files. Much of the initial work on the accounting structure has been performed, and the initial results are included as appendices to this report. These appendices will be the material used as a starting point for this subtask.

The coding to be defined will include:

- . The General Ledger chart of accounts
- . Revenue by source, type, and detail
- . Expenditures by character, object, and sub-object
- . Organization codes by department, division, and section
- . The level of subsidiary support for each General Ledger account
- . The specific combination(s) of debit and credit entries required to reflect each financial event, and the associated transaction codes
- . Fund structure by fund, sub-fund, and project
- . Program codes by function and program
- . Support file updates
- . Field edits
- . Index codes

A major effort within this subtask will be the specification of the debit and credit entries required to reflect financial events. This effort involves specification in advance of each debit and credit to be posted for the entire series of recurring transactions. These predefined transactions will then be stored in FAMIS computer files.

Another major effort will be the development of index codes. These codes are those that link the manually coded accounting data to the data stored in FAMIS computer files. Hundreds of unique numbers will be required to meet the needs of the City.

In addition, during this task all of the relationships among data elements will be specified through the creation of a report title file to be used in FAMIS.

Subtask 1C - Define Subsystem Interfaces

In this subtask interfaces will be defined for those automated systems that will pass data to FAMIS. These include:

- . Budget System
- . Warrant Reconciliation
- . MSA Payroll/Labor Distribution
- . Retirement Medical Compensation
- . Utility Billing
- . Social Service Warrants

The objective of this task is to define the specific interfaces that will be required. PMM&Co. will modify FAMIS as required to accept the data from the other systems, while City personnel will be responsible for the modifications to existing systems.

Subtask 1D - Review and Redesign Forms

The project team will review all City forms that will impact the new system to ensure a smooth flow of data to be entered. The team will identify missing data elements, if any, and prepare pro forma layouts reflecting data elements requiring addition or redesign (e.g., coding blocks). Since it is anticipated that data entry will be accomplished directly from the source forms, this step is critical to the smooth operation of the system.

Subtask 1E - Define FAMIS Modifications

During the course of conducting Phase I, it became apparent that the existing FAMIS software capabilities can meet the majority of the City's accounting and financial management requirements. Additionally, it is clear that significant training will be required to ensure a smooth transition to the new computerized accounting system from existing manual procedures. Accordingly, an objective of this task will be to minimize modifications to the existing software in order to maximize time spent modifying manual procedures that will support FAMIS and conducting training for City personnel.

However, the FAMIS programs will require some modifications to meet the particular needs of the City and some new programs may need to be developed. During this subtask, the project team will define, in narrative form, any FAMIS program modifications and new programs required. (Actual program specifications will be prepared in Task 2 - Program Modification.)

Subtask 1F - Install FAMIS

In this task, the project team will acquire the controlled set of FAMIS software that is maintained at PMM&Co. Computer Resources Department (CRD) in New York City and install it at the City's data center. The programs will then be tested using prescribed test data.

Task 2 - Program Modification

The objective of this task will be the preparation of any software programs that might be required for the basic system. To achieve this objective, the project team will perform the following subtasks:

Subtask 2A - Prepare Program Specifications

Based upon the program modifications and new programs defined in Task 1, the project team will prepare program specifications. The specifications will consist of the following elements:

- . Program name and number
- . Program purpose

- . Data input record layouts
- . Data output including reports and record layouts
- . File descriptions
- . Program functions
 - Actions Required
 - Decisions
 - Calculations
 - Controls (Audit)
 - Retention
 - Security
 - Exceptions
 - Error Correction
 - Code Usage
 - Procedure Constants
 - Backup Processing/Recovery Procedures
 - Processing Schedule
 - Interface with Other Programs
- . Program mainline logic chart

Subtask 2B - Program Coding

Based on the program specifications prepared in the preceding tasks, the data processing members of the project team will code the FAMIS modifications as well as the new programs required. Individual programs will be tested using test data prepared by the project team. All programs will be written in ANS/COBOL.

Task 3 - Develop Interface Systems and Procedures

In this task City data processing personnel will develop the interface programs required to achieve the interfaces previously defined in Subtask 1C. PMM&Co. staff will define the specific input format and content required by FAMIS and will provide overall direction for the accomplishment of this important subtask.

In addition to the development of automated interface programs, it is expected that significant revisions to manual procedures will be required to provide for the input of data to FAMIS from manual systems. These will be developed during this subtask. Heavy participation from City accounting personnel will be required to accomplish this task.

Task 4 - Software Testing

During this task, the programs modified and developed in Tasks 2 and 3 will be completely tested to ensure that all programs are in working order and are functioning correctly from a financial management and data processing point of view. The subtasks outlined below are based on the experience gained by PMM&Co. in the installation of financial management systems in other jurisdictions.

In the performance of this task, participation of City personnel will be essential in the development of test data that provides meaningful illustrations of actual financial events in the City. The system will be operated using this test data, thus providing early "hands-on" experience for City data processing personnel. It will also result in computer output that will be useful in orientation sessions with the Steering Committee and other City personnel.

Subtask 4A - Develop Test Plan

An essential prerequisite to the entire testing process is the development of an overall test plan. Accordingly, the project team will develop a comprehensive test plan to ensure that system objectives are fulfilled. The plan will specify the type of system tests to be performed and the period in which they will be completed. The tests will be designed to include all functions within the system to assure its overall operation. The tests will include the use of the supporting system documentation and will encompass each phase of system operation. The test plan will include a description of:

- . Test objectives
- . Test parameters
- . Test procedures including control and balancing techniques
- . Resource requirements including computer time, data entry and clerical personnel required.

Subtask 4B - Perform First-Level Testing

First-level testing will be performed with a controlled quantity of test data. The project team will develop this test data, which consists of tables, accounting transactions, and manually calculated account balances.

The primary purpose of first-level testing will be to check the correct functioning of the data processing system and its ability to arrive at known results in operation at the City's computing facility.

Subtask 4C - Perform Second-Level Testing

Second-level testing will be performed with a larger volume of actual data. The project team will prepare tables of actual transaction codes, and will also prepare a variety of actual accounting transactions.

Second-level testing serves two purposes. First, it will provide a higher volume data check using actual data. Such tests usually uncover system problems not identified by the initial test data. Second, the development of the tables and the coding of accounting transactions by the City's project team members will provide them with training and experience in system operation. Extensive "hands-on" training and formal training will be provided before actual system operation begins.

Task 5 - Documentation and User Manuals

The project team will prepare several manuals for the City. A significant portion of each manual has been prepared for other installations of FAMIS. The principal work activity of this task will be one of tailoring the manuals to meet unique City requirements and augmenting the manuals to incorporate new features.

Subtask 5A - Provide Computer Program Specifications Manual

Complete program specifications will be provided with each of the existing FAMIS programs. These specifications will be used by data processing personnel as a training and reference tool and will be included as an integral part of the system documentation. These computer specifications include:

- . A statement of the purpose of the program
- . A description of any special processing techniques employed
- . A description of the data input to the program including input record formats

- . A description of the data output of the program including output record formats
- . A description of the processing performed by the program including any data transformation steps, data computation steps, decision points, and sequence of operations
- . Size of programs, core required, peripheral requirements as well as run time per selected volumes of transactions

Subtask 5B - Provide Encoding Procedures Manual

PMM&Co. will provide the Encoding Procedures Manual which contains instructions for coding accounting data and all other miscellaneous information for entry into the system. This will include:

- . A detailed description of the encoding procedures and information content of each form entered into FAMIS including:
 - Transaction input
 - Decision table
 - Index codes
 - Report titles
 - Vendors
 - Capital projects
 - Subsidiary account items
- . An illustration for each transaction code showing the data required by the decision table to pass the edit requirements, a description of the accounting theory employed through the use of the transaction, a notation of the general ledger accounts posted, and a list of the files affected

Subtask 5C - Provide Accounting Manual

The Accounting Manual will be used by financial personnel to reflect the current status of accounting transactions processed through the system and support the accounting theory employed. The manual will contain the following types of information:

- . A statement of accounting policies and principles
- . Explanations of the different funds used by the City
- . A chart of General Ledger accounts with definitions and referencing transaction codes
- . A classification scheme for revenue accounts with definitions as to fund, program, source, detail and type
- . A classification scheme for expenditure accounts with definitions as to fund, program category, department, division, character, and object class

Because the FAMIS operating procedures will represent such a major departure from existing practices, this task will include significant expansion of the explanation of accounting procedures over that which is usually developed for a FAMIS installation. Significant City resources will be required to develop this comprehensive manual.

Task 6 - Training Program

This task will include the development of training programs and materials plus the actual conduct of training sessions for City personnel.

Subtask 6A - Provide "Hands-On" Training

During the implementation phase, City personnel will receive a significant amount of "hands-on" training through their participation in the development of materials for the FAMIS implementation. Several of these items have been discussed before. They include such material as:

- . Debit-credit postings for all automated accounting transactions
- . Test data for first- and second-level FAMIS testing

- . Accounting coding structures, such as the chart of accounts, etc.

Experience from previous FAMIS installations shows that this training is an important component of the training program, and accordingly, it is shown as a subtask in the implementation plan.

Subtask 6B - Develop Training Program and Materials

The formal training program must satisfy the needs of all personnel who will use and support the system. The program will be developed to cover three basic areas:

- . Orientation sessions for management and other appropriate personnel
- . Training sessions for accounting and budget analyst personnel
- . Training for departmental, clerical and administrative personnel

In each area, the training program will be directed toward the specific functions and responsibilities of the personnel being trained. Training materials will include selected portions of the documentation developed in Task 4 and will be supplemented through overhead slides and sample input forms and reports.

Subtask 6C - Conduct Training Sessions for City Analysts

The requirement for training throughout the City is so extensive that a City training team composed of systems analysts is strongly recommended. In this subtask, the FIRM System project team will conduct training sessions for this analyst team to prepare them for conducting sessions with City personnel. There are two primary reasons why this approach to training has been selected for the City. These are:

- . This approach ensures that the City has a relatively large resident team that is fully knowledgeable about the operation of FAMIS. This will provide the City with qualified in-house capability to operate the system and continue training after the departure of PMM&Co. consultants.

- This approach provides the ability to greatly expand the number of hours that can be devoted to training, as well as allowing for more concurrently conducted training sessions. This will be a requirement to achieve the implementation date of June 1, 1978.

Subtask 6D - Conduct Training Sessions for System Users

Schedules will be developed showing the specific dates for each portion of the training. Training will include classroom training and workshop sessions, with the workshop sessions oriented toward illustrative problem solving. These classroom and workshop sessions will be presented by the City analysts with supervision and assistance from the project team, and will use the training materials developed in the preceding two subtasks.

Training for computer systems analysts, programmers, and computer operators will be provided through close liaison with the project team.

Task 7 - Pilot Department Implementation

A major task in Phase II will involve working with a pilot department to implement program and performance budgeting and accounting.

It is recommended that the Police Department be selected by the City to serve as the pilot department. The reasons for this are:

- Police Department top management has undertaken resource studies that are similar in approach to that of the FIRM System concept. This preliminary work should create a receptive environment in this department.
- The work performed by the Police Department is more easily quantified and measured than the work performed by many other departments that provide health, social services, or similar types of services.
- The organization and assignment of responsibilities in the Police Department

are less complex than those of larger departments that have broader missions. This fact should make full implementation easier and should result in an example for other departments that is readily understandable.

- . FIRM System project team members have experience working with public safety agencies that would increase the likelihood of a successful pilot implementation.

Work in this task will commence early in Phase II to maximize the time available to work with the pilot department and to develop a transferable "model" from the experience gained here. The subtasks to be performed during pilot implementation will include:

- . Train City analytical personnel (including Police Department personnel) in resource management techniques including:
 - Goal Setting
 - Objective Setting
 - Program Structure
 - Performance Measures
 - Performance Reporting
- . Conduct orientation meetings with the Police Commission and Police Department top management to describe the approach being followed.
- . Work with the Police Commission and Police Department top management to define
 - Mission and purpose
 - Departmental goals
 - Department program structure

- . Train all line management personnel in the Police Department in objectives-setting and the development of quantitative performance measures
- . Work with Police Department line management to develop objectives and performance measures
- . Define procedures and develop forms for the collection of statistical data relating to the performance measures that will be input to FAMIS
- . Develop internal departmental reporting procedures that would combine FAMIS output reports with other manually generated information on the status of departmental goals and objectives for submission to the Police Commission, the Mayor, and the Board

Task 8 - Conversion Planning

The objective of this task is the development of a comprehensive conversion plan which will ensure a smooth transition from the existing system to the new system. The project team will develop a conversion plan containing the following key elements:

- . Schedule of manual procedures required during conversion
- . Specifications for any special conversion programs
- . Preparation of conversion procedures
- . Finalization of file conversion requirements
- . Establishment of control totals for files being converted
- . Timetable for finalization of loading of tables
- . Schedule for the transfer of year-end budget and accounting data to FAMIS

- . Schedule for the transfer of carry-over items such as data on multi-year projects, etc.

Preparation of the conversion plan will include:

- . Detailed tasks
- . Assigned responsibilities
- . Input/output schedules and cutoff times
- . Personnel requirements
- . Equipment requirements

Task 9 - System Implementation and Monitoring

This final task will include conversion to the new system and its monitoring during the initial period of live operations. At the time of implementation, PMM&Co. will assist City accounting and data processing personnel in implementing and assuming operational responsibility for the system. PMM&Co. personnel will provide assistance in all areas including:

- . Data input to the system
- . Error correction
- . Report interpretation
- . Use of the various manuals
- . Data processing operations

PHASES III-IV IMPLEMENTATION APPROACH

As previously described, the revised approach for Phases III-IV implementation provides for the simultaneous implementation of the two phases initially described in our proposal. The phased implementation will entail the installation of program and performance budgeting in approximately half of the departments in each of the two Phases III-IV years.

During Phase II, we will meet with the Steering Committee and other key City officials to determine the priorities for departmental implementation. A schedule will be prepared based on these priorities.

The specific work program for Phases III-IV will be developed in Phase II. The most important tasks to be performed in Phases III-IV will be those involving work with the individual departments. Briefly, these tasks will include:

- . Meet with department top management to describe the overall project and the steps to be performed in implementation.
- . Work with department top management to develop the final program definitions and structures.
- . Develop preliminary mission statements and goals and objectives for each program.
- . Meet with departmental line management to review draft of preliminary mission statement and goals and objectives.
- . Finalize mission statement and goals and objectives.
- . Develop a general approach to performance measurement for each program.
- . Develop quantitative performance measures.
- . Develop procedures for collection of statistical data related to performance measures.
- . Design performance measurement reports and procedures.
- . Conduct training for departmental personnel in performance reporting, accounting, and monitoring.
- . Initiate data gathering in department.
- . Refine data gathering and reporting procedures.
- . Integrate new procedures with budget process.
- . Assist in preparation of budget report and program objectives for first year.

This preliminary task outline will be refined as a result of implementing the basic system, education of City analysts who will assist in the training of department staff, and the actual experience resulting from the pilot department implementation. Prior to commencement of Phases III-IV work, a detail schedule and task plan will be prepared to provide guidance to the project team and to establish an understanding of the requirements for this essential phase of the FIRM System project.

IMPACT OF IMPLEMENTATION ON CITY STAFF

The early comments in this section introduced the concern of the project team with regard to the ability of the Controller's Department to accommodate substantial change. The implementation plan for the basic system has been developed to provide the time required to work with the accounting staff.

An integrated computerized financial management system will result in major revisions to current accounting procedures. Although many procedures will become more efficient, the expanded accounting and reporting associated with a management information system and program management will require a higher level of expertise than presently resident in the Controller's Department. To some extent, the training and education program during system implementation will improve the quality of the accounting staff. However, during the early years of operating the basic system and during the development of program management and performance evaluation procedures, it will be beneficial to augment the present accounting staff with several highly skilled management analysts. These individuals could be provided by the FIRM System project staff of the City or by the budget office. Once the new system and procedures are operating routinely, these management analysts would presumably be returned to their original assignments or to other areas of need within the City.

APPENDIX A

CLASSIFICATION OF FUNDS
BY PRIMARY FUND AND SUB-FUND

APPENDIX A

CLASSIFICATION OF FUNDS
BY PRIMARY FUND AND SUB-FUND

PRIMARY FUNDS

01	General Funds
02	School Districts Funds
03	Special Revenue Funds
04	Debt Service Funds
05	Capital Funds
06	Trust Funds - Private
07	Trust Funds - Public
08	Trust Funds - Agency
09	Inter-Governmental Service Funds
10	Capital Funds - Public Service Enterprises
11	Public Utilities Commission General Office
12	Airport
13	Municipal Railway
14	Water Department
15	Hetch Hetchy Project
16	San Francisco Harbor Improvement

SUB-FUNDS

<u>Primary</u> <u>Fund Number</u>	<u>Sub-Fund</u> <u>Number</u>	<u>Title</u>	<u>Current</u> <u>Fund Number</u>
01		<u>General Funds</u>	
	100	General Fund	100
	606	Hotel Tax	606
	607	Capital Improvement	607
	613	Alcohol Beverage License	613
	614	Highway Traffic Control	614
	615	Motor Vehicle License	615
	616	Special Public Health	616
	621	Fine Arts Museum	621
	631	Public Library	631
	641	Publicity and Advertising	641
	651	Recreation and Park	651
	691	War Memorial	691
	692	Fire Relief and Pension	696.2
	693	Police Relief and Pension	696.3
	695	Light, Heat and Power	695
	696	Auditorium	696.1
	697	Retirement System - Current	697
	699	Health Service System - Current	699

02

School Districts Funds

660	SFUSD - Special Reserve	660
661	SFUSD - General	661
662	SFUSD - Children's Centers	662
663	SFUSD - Development Centers for the Handicapped	663
665	SFUSD - County School Service	664
666	SFUSD - Cafeteria	666
667	SFCCD - Special Reserve	667
668	SFCCD - Cafeteria	668
669	SFCCD - General	669
670	SFCCD - Child Development	670

03

Special Revenue Funds

605	Emergency Reserve	605
608	Off Street Parking	608
609	Special Election	609
610	Federal Revenue Sharing	610
618	Sewer Service Fund	618
619	Animal Control and Welfare	619
627	Open Space and Park Renovation	627
642	Welfare Assistance and Administration	642
646	Candlestick Park	646
647	San Francisco Zoo Fund	647
648	Marina Yacht Harbor Fund	648
671	Special Gas Tax	671
681	Road Fund	681
698	Cash Reserve	698

04

Debt Service Fund

101	Bond Interest and Redemption	601
102	Bond Interest	601.010
103	Bond Redemption	601.020

05

Capital Service Funds

801	Real Property - General	801
802	Real Property - School	802
804	1944 Sewers	804
805	1948 Juvenile Home	805
806	1947 Street Improve	806
807	1947 Recreation	807
808	1947 Off Street Parking	808
809	1948 Schools	809
810	1948 Sewage Treatment	810
811	1952 Firehouse	811
812	1954 Sewers	812

813	1954 Laguna Honda Home	813
814	1954 S. F. Hospital	814
815	1954 Exhibit Hall	815
817	1955 Playground and Recreation Centers	817
818	1956 Hall of Justice	818
819	1956 Schools	819
820	1958 Recreation - Park	820
821	1959 Civic Auditorium	821
822	1959 Palace of Fine Arts	822
823	1960 DeYoung Museum	823
824	1960 Sewers	824
825	1961 Fort Funston	825
826	1964 Sewers	826
827	1964 Street Lighting	827
828	1964 Firehouses	828
829	1964 Log Cabin Ranch	829
830	1964 Schools	830
831	1965 Medical Center	831
832	1968 Market Street Improvement	832
833	1968 Sewers	833
834	1969 Community College Revenue Bond	834
835	1970 Water Pollution Control	835
836	1971 Fire Protection	836
837	1972 Street and Parkway Lighting	837
838	1972 Sewer	838
839	1973 School Building Improvement	839
840	1974 Fire Protection System Improvement	840

06

Trust Funds - Private

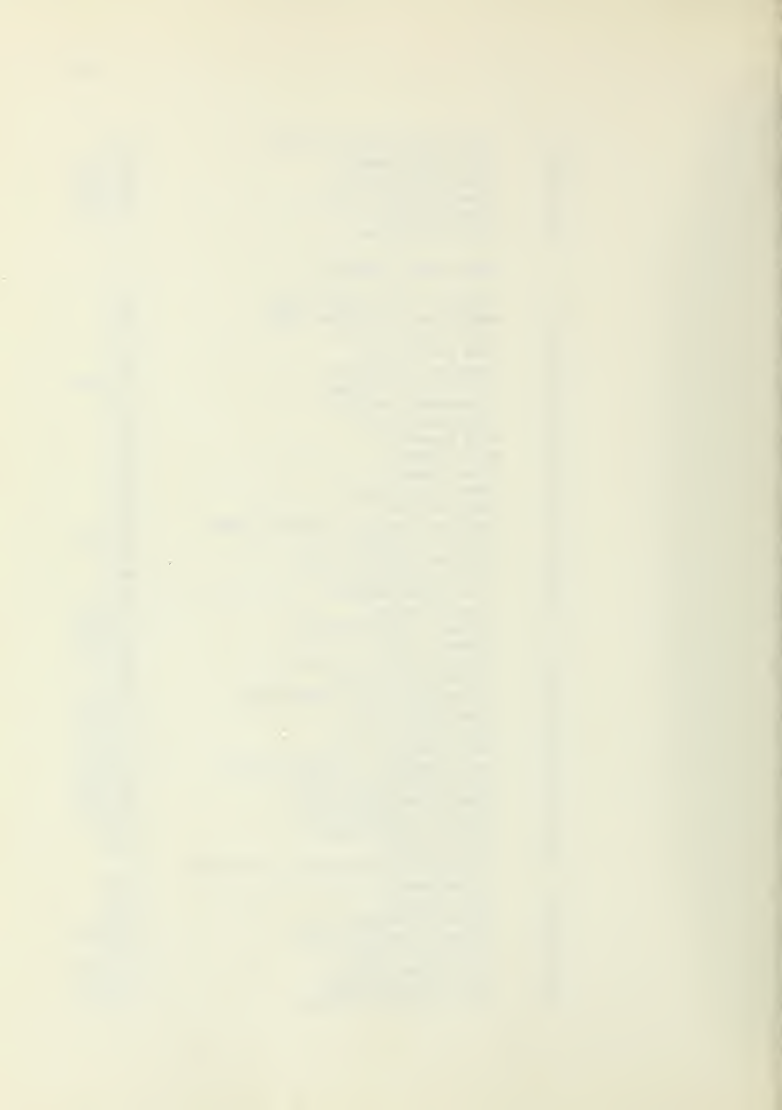
902	Absent Heirs	902
903	County Clerk Bail	903
904	Municipal Court - Special Trust	904
905	Duplicate Taxes	905
906	Partial Tax Payments	906
907	Sheriff's Inmate Program	907
908	Family Support Program	908
909	Municipal Court Bail	909
910	County Clerk Special Trust	910
912	DPW Refundable Deposits	912
914	Realty Deposits	914
915	Special Badge	915
917	Street Improvement	917
923	Coroner's Unclaimed Money	923
924	Adult Probation Officers' Deposit	925
925	Adult Probation Work Furlough Program	925.001
926	Adult Probation Clearing	925.100
927	Dormitory Trust - SFCCD	926
928	Business Tax Suspense	927
929	Sheriff's Trust	928.200

930	Street Improvement ORD 1934	929
931	Jail Stores Deposit	929.100
932	Library Card Deposit	929.200
933	Juvenile Court Trust	929.300
934	Police Deposit	929.600
935	Electrical Deposit	

07

Trust Funds - Public

111	Employees' Retirement Trust	911
121	Health Service System Trust	922
131	State Highway Trust	931
200	Anna Waden Trust	932
201	Veterans' Education	933
202	Henry Strauss Bequest	933.100
203	A. Brunetti Bequest	934
204	Herzstein Bequest	935
205	Marx Bequest	936
206	McLean Bequest	937
207	Olsen Bequest	938
208	Jenny Stoy Bequest	939
209	Storyland Fund	940
210	Board of Trustees, Legion of Honor	941
211	Robinson Bequest	942.943
212	Log Cabin Ranch Welfare	944
213	Strybing Bequest	945
214	L. F. Lewis Bequest	946
215	Windell Bequest	947.948
216	Fuhrman - Joint and Land	949.100
217	Fuhrman - Park	949.120
218	Fuhrman Bequest - Library	949.140
219	Infantile Paralysis	950
220	Wilbert Bequest - Youth Guide	950.100
221	Bicentennial Fund	950.200
222	Leroy Sindell Trust	950.400
223	Swartz Bequest	950.500
224	S. F. Hospital - Children's Ward	950.600
225	DeYoung Museum Art Trust	950.700
226	Library Publication Fund	950.800
227	Herbst Foundation Gift	950.900
228	P.P.I.E. Scholarship Int.	952
229	Fallon Bequest	953
230	War Memorial Maintenance and Capital Improvement	954
231	Sutro Bequest	955
232	Steinberg Bequest	956
233	Recreation and Park Gift	956.100
234	Candlestick Park	957
235	W. H. Noble Bequest	957.100
236	Leon Salinger Bequest	958
237	S. F. Hospital Gift Fund	959.100

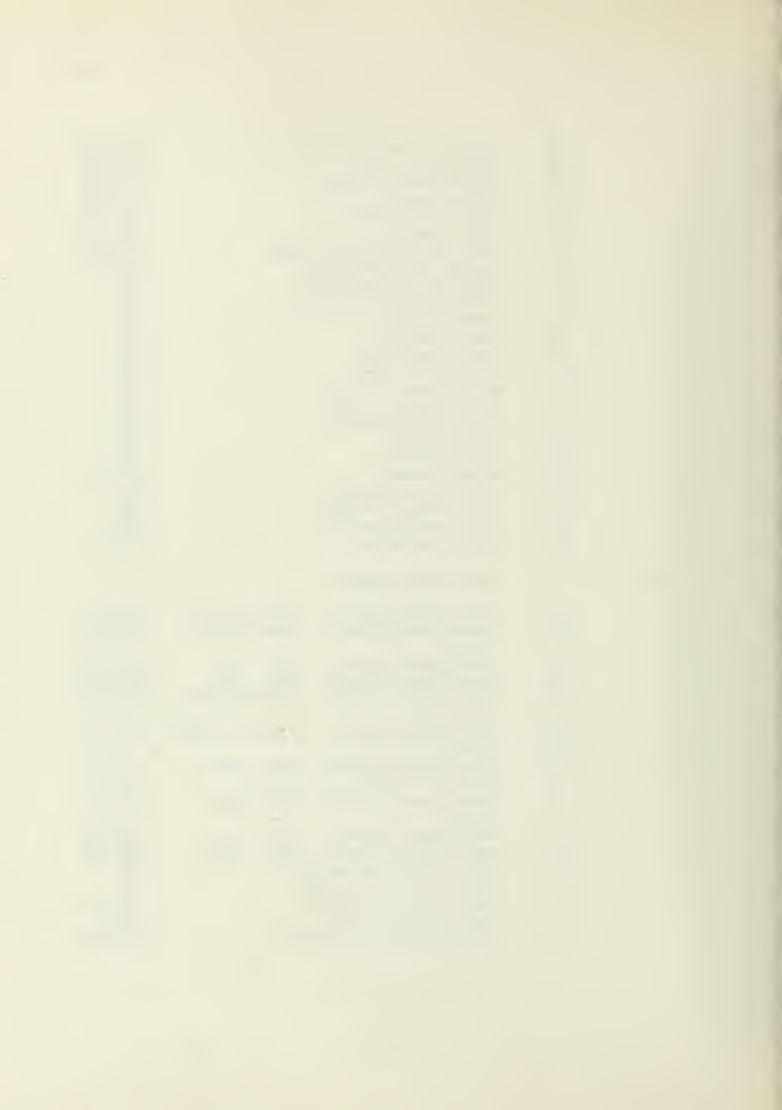


238	Prisoners' Welfare Fund	959.200
239	Tuberculosis Trust	959.300
240	Laguna Honda Work Shop	959.400
241	Sneide Bequest	959.500
242	Laguna Honda Gift Fund	959.600
243	Police Range	959.700
244	George Wilson Meyer College	959.800
245	Special Anecdotal Book	959.900
246	Methodone Treatment Fund	960
247	Miranda Lux Foundation	961
248	Condon Bequest	962
249	Marcia McDonald	963
250	Levi Strauss Fund	964
251	Library Gift Fund	965
252	Nell O'Connell Trust	966
253	Walter Johnson Trust	967
254	Martin Heller Bequest	968
255	Litter Control	969
256	Raymond Bequest	970
257	Magnani Bequest	970.100
258	Abbey Parker Bequest	971
259	Comm. Renewal Program	972
260	Claud Gourley Bequest	973
261	LeRoy Vane Bequest	974

08

Trust Funds - Agency

301	Redevelopemnt Agency - Revolving Fund	975
302	Redevelopment Agency - Lower Market - Trust	975.100
303	Redevelopment Agency - LM&E - Exp.	976.100
304	Redevelopment Agency - LM&E - Loan	976.200
305	Redevelopment Agency - Diamond Heights - Exp.	977.100
306	Redevelopment Agency - Diamond Heights - Loan	977.200
307	Redevelopment Agency - Yerba Buena - Exp.	979.100
308	Redevelopment Agency - Yerba Buena - Loan	979.200
309	Redevelopment Agency - WA#2 - Exp.	980.100
310	Redevelopment Agency - WA#2 - Loan	980.200
311	Hunters Point Reclamation	981
312	State - Inheritance Tax	982
313	Inheritance Tax Refund	982.100
314	State - County Clerk	983
315	Airport Access Study Trust	986.100



316	Airport Land Use Study	986.200
317	Law Library	987
318	Bay Area Rapid Transit	988
319	Golden Gateway Project	988.100
320	BART - MUNI Transit Project	988.200
321	Local Transportation Fund	988.300
322	Economic Opportunity Council	989
323	State - Teachers Retirement - SFUSD	990
324	State - General Agency	991
325	State - Sales Tax	992
326	State - Fines and Forfeiture	993
327	State - Consumer's Use Tax	994
328	State - Teachers Annuity - SFUSD	995
329	State - Teachers Annuity - SFCCD	995.100
330	Tuolumne Occupancy Tax	996
331	State - County Fair	997
332	S. F. Concentrated Employment	998
333	Bay Area Air Pollution	991

09

Inter-Governmental Service Funds

104	Unapportioned Interest	617
105	Unapportioned Delinquent Tax Installments	624
106	Unapportioned Redemption of Property	625
107	Unapportioned Tax Collection	626

10

Bond Funds - Public Service Enterprises

101	1947 Municipal Railway Rehabilitation	853
102	1949 Cherry Valley Dam	855
103	Federal Airport Project	857
104	1955 Hetch Hetchy - Power	858
105	1956 Airport	859
106	1961 Water	860.861
107	1962 Airport	862.000
	1967 Airport	863
108	Fifth S. F. Seawall	865
109	1970 S. F. Port Revenue Bond	866
110	1971 Harbor Improvements	867
112	1972 Water	868
113	1975 Airport	869
114	General Obligation Bond - TR Airport	870

11

Public Utilities Commission

001	Public Utilities Commission Operating	705
002	Bond Interest - Public Service Enterprise	603.010
003	Bond Redemption - Public Service Enterprise	603.020

12	<u>Airport</u>	
	001 Airport Operating	725
	002 Special Aviation	728
13	<u>Municipal Railway</u>	
	001 Municipal Railway Operating	735
14	<u>Water Department</u>	
	001 Water Department Operating	745
15	<u>Hetch Hetchy Project</u>	
	001 Hetch Hetchy Project Operating	755
16	<u>S. F. Harbor Improvement</u>	
	001 S. F. Harbor Improvement Operating	775
	002 2nd S. F. Seawall Sink Fund	913.100
	003 3rd S. F. Seawall Sink Fund	913.200
	004 4th S. F. Seawall Sink Fund	913.300
	005 5th S. F. Seawall Sinking	913.400
	006 Ind. Basin Sink Fund	913.500
	007 Port of S. F. 1970 Rev. Int.	913.600
	008 Port of S. F. 1970 Redemption	913.800

APPENDIX B

CLASSIFICATION OF EXPENDITURES
BY CHARACTER, OBJECT AND SUBOBJECT

APPENDIX B

CLASSIFICATION OF EXPENDITURES
BY CHARACTER, OBJECT, AND SUB-OBJECT

Classification of Expenditures
by Character

- 01 - Personal Services
- 02 - Supplies
- 03 - Other Services and Charges
- 04 - Capital Outlays
- 05 - Debt Service

Classification of Expenditures
by Character, Object, and Sub-Object

<u>Proposed</u> <u>Character</u>	<u>Object</u>	<u>Sub-Object</u>	<u>Current Object of</u> <u>Expenditure (O.E.)</u>
01	<u>Personal Services</u>		
110	<u>Permanent Salaries</u>		
	111	Permanent Salaries	110
	112	Overtime	111
	113	Holiday Pay	112
	114	Permanent Employees Extended Work Week	113
	115	Permanent Employees Sick Leave	115
120	<u>Temporary Salaries</u>		
	121	Temporary Salaries	120
	122	Temporary Salaries - Specific Purposes	121
	124	Temporary Employees Maintenance Allowance	124
	125	Temporary Employees Sick Leave	125
130	<u>Wages</u>		
	131	Wages	130
	135	Per Diem Employees Sick Leave	135
140	<u>Other Compensation</u>		
	141	Military Leave	126
	142	Fees and Compensation - Board and Commission	140
	143	Visiting Judges Salary and Expenses	145
	144	Jurors Fees	151
	145	Witness Fees and Expenses	152

150	<u>Retroactive Salary Adjustments</u>	
151	Retroactive Permanent Salaries - Court Order	175
152	Retroactive Wages - Court Order	176
160	<u>Other Personal Services</u>	
161	Personal Services - School Cafeteria	190
162	Personal Services - Child Care Center	191
170	<u>Contributions and Fringe Benefits</u>	
171	Mandatory Fringe Benefits	863
172	Pension Contribution to Union	864
173	Contribution to Health Service	865
174	Social Security - Employers Contribution	862
180	<u>Retirement</u>	
181	Service Pensions	860
182	Retroactive Service Pensions - Court Order	861
190	<u>Other Personal Service Costs</u>	
191	Workers Compensation - Self Insured	801
192	Workers Compensation - Insured	811
02	<u>Supplies</u>	
210	<u>Weapons and Ammunition</u>	
211	Weapons and Ammunition	310
220	<u>Vehicle Supplies</u>	
221	Railway Equipment	322
222	Motor Vehicle, Trailer, Tractor and Cycle	323
223	Vehicular Equipment Components	325
224	Tires and Tubes	326
225	Engine, Turbine Equipment and Components	328
226	Engine Accessories	329
230	<u>Machinery Supplies</u>	
231	Mechanical Power Transmission Supplies	330
232	Bearings and Seals	331
233	Woodworking	332
234	Metalworking	334
235	Service and Special Industry Machines	335
236	Highway Maintenance Machinery	337
237	Rope Cable and Fittings	340
238	Refrigeration and Air Conditioning	341

240 Fire Fighting, Rescue and Safety Supplies

241 Fire Fighting, Rescue and Safety Supplies 342

250 Plumbing, Electrical and Building Materials

251 Plumbing, Heating, Sanitation, Water and Sewage 345
 252 Pipe Hose Tubing and Fittings 347
 253 Valves 348
 254 Hand Tools 351
 255 Hardware and Abrasives 353
 256 Lumber, Lumber Products and Construction 355,356
 Materials
 257 Communication Document 358
 258 Electrical and Electronic Equipment 359, 361
 259 Alarm and Signal Systems 363

260 Building Maintenance Supplies

261 Maintenance and Repair Shop Supplies 349
 262 Cleaning Equipment and Supplies 379
 263 Brushes, Paints, Sealers and Adhesives 380
 264 Toiletries 385
 265 Containers, Packaging and Packing Supplies 381
 266 Lighting Fixtures and Lamps 362

270 Office and Data Processing Supplies

271 Furniture 371
 272 Furnishings and Appliances 372
 273 Office and Data Processing Machines 374
 274 Office Supplies and Devices 375
 275 Books, Maps and Publications 376
 276 Training Aids and Devices 369
 277 Photographic Supplies 367
 278 Instruments and Laboratory Supplies 366
 279 Food Preparation Equipment and Supplies 373

280 Fuels and Unprocessed Materials

281 Fuels, Lubricants, Oils and Waxes 391
 282 Non-Metallic Fabricated Materials 393
 283 Metal Bars, Sheets and Shapes 395
 284 Ores and Minerals 396
 285 Food Stuffs 389
 286 Textiles, Leathers and Furs 383
 287 Chemicals and Chemical Products 368
 288 Agricultural Supplies 387

290 Other Supplies

291 Recreational Equipment 378
 292 Clothing and Individual Equipment 384

293	Live Animals	388
294	Medical, Dental and Veterinary Supplies	365
295	Other Items	399

03 Other Services and Charges

310 Transportation

311	Local Fares	201
312	Freight, Express, Draying and Moving Demurrage	202
313	Allowance for Use of Employees Cars	203
314	Hire of Autos, Trucks and Teams	204
315	Storage and Care of Vehicles	205
316	Travel Expense	206
317	Transportation to Regular Assignment Out-of-Town	207
318	Travel Expense - Routine Duties	208

320 Maintenance

321	Facilities Maintenance - Park	700
322	Facilities Maintenance - Buildings	700
323	Facilities Maintenance - Other Structures, Overhead and Underground Systems	700
324	Maintenance and Repair of Streets	215
325	Maintenance and Repair of Automotive Equipment	216
326	Maintenance and Repair of Operative Properties	217
327	Maintenance and Repair of Office Appliances and Equipment	218
328	Maintenance and Repair of Other Equipment	219

330 Utilities and Communications

331	Light, Heat, Power, Electricity and Water	231
332	Telephone, Telegraph, Radio and Teletype	232
333	Postage	233
334	Scavenger Service	237
335	Telephone Directory Service	240

340 Contracted Cleaning Service

341	Janitorial and Window Washing Service	238
342	Cleaning and Renovating, Laundry and Towel	236
343	Pest Control	256

350 Rentals

351	Rental Office Machines and Equipment	241
352	Rental of Road, Construction, and Shop Equipment	242
353	Other Rentals of Equipment	243
354	Tire Rentals	244
355	Building Rental	880

360 Printing and Reproduction

361	Printing and Reproduction	224, 234
362	Examination Printing of Bonds	

370 Subsistence

371	Subsistence and Care of Persons	251
372	Subsistence, Care and Disposition of Animals	255

380 Professional Services

381	Architectural Service	261
382	Auditing and Accounting	262
383	Court Reporters and Transcripts	264
384	Engineering Service	265
385	Medical Service	267
386	Realty Services	268
387	Litigation and Claims Expense	266
388	Legislative Expense	295
389	Other Professional Services	269

390 Data Processing and Systems

391	Data Processing - Systems Development	954
392	Data Processing - Operation and Maintenance	954

400 Insurance

401	Fidelity Insurance	812
402	Automobile Insurance	813
403	Fire Insurance	814
404	Other Insurance	815

410 Memberships and Publications

411	Membership Dues	854
412	Subscriptions to Newspapers and Periodicals	235

420 Publicity and Entertainment

421	Music Celebrations, Park and Band Music, Municipal Chorus, Concerts, Christmas Eve Programs, Music Broadcasts, Art Lectures, Etc.	271
422	Celebrations Other than Musical, Loudspeaker Service, Erecting and Removing Grandstands, Theatricals, Etc.	272
423	Exhibitions	273
424	Publicity and Advertising	277
425	Promotional Expense	280
426	Subsidies to Promotion Agencies	281
427	Convention Contributions	282
428	Entertainment of Visitors	283

430 Payments to Other Governments

431	Tuition to Other School Districts	852
432	Assessments and Contributions Paid to Highway, Bridge and Other Districts	853
433	Taxes Paid to Other Jurisdictions	870
434	Use Tax	871
435	Fees, Licenses, Permits	855

440 Other Contractual Services

441	Nonpersonal Services	290
442	Other Contractual Services	298

450 Commissions

451	Commissions	820
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460 Contingent Expenses

461	Contingent Expenses	890
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470 Other Fixed Charges

471	Other Fixed Charges	898
-----	---------------------	-----

04 Capital Outlays510 Weapons and Ammunition Equipment

511	Weapons and Ammunition Equipment	410
-----	----------------------------------	-----

520 Vehicular Equipment

521	Railway Equipment	422
522	Motor Vehicles, Trailers, Tractors and Cycles	423
525	Engines, Turbine Equipment	428
526	Engine Accessories	429

530 Machinery

531	Mechanical Power Transmission Equipment	430
533	Woodworking Equipment	432
534	Metalworking Equipment	434
535	Highway Maintenance Machinery	437
538	Refrigeration and Air Conditioning Equipment	441
539	Pumps, Compressors, Furnaces	443

540 Fire Fighting, Rescue and Safety Equipment

541	Fire Fighting, Rescue and Safety Equipment	442
-----	--	-----

550 Plumbing, Electrical and Building Materials

551	Plumbing, Heating, Sanitation, Water and Sewage Equipment	445
554	Hand Tools	451
557	Communication Equipment	458
558	Electrical and Electronic Equipment	459, 461
559	Alarm and Signal Systems	463

560 Building Equipment and Maintenance Supplies

561	Maintenance and Repair Shop Equipment	449
562	Cleaning Equipment	479
566	Lighting Fixtures and Lamps	462

570 Office and Data Processing Equipment

571	Furniture	471
572	Furnishings and Appliances	472
573	Office and Data Processing Machines	474
575	Books and Maps	476
576	Training Aids and Devices	469
577	Photographic Equipment	467
578	Laboratory Equipment	466
579	Food Handling Equipment	473

590 Other Equipment

591	Recreational Equipment	478
593	Live Animals	488
594	Medical, Dental and Veterinary Equipment	465
595	Other Equipment	499

600 Buildings, Structures and Improvements 500700 Land

710	Purchase of Land	600
740	Water Rights and Damage Claims	640
741	Hydrography	641

05 Debt Service800 Bond Interest and Redemption 830

801	Bond Interest
802	Bond Redemption

APPENDIX C

CLASSIFICATION OF REVENUES BY SOURCE AND TYPE



APPENDIX C

CLASSIFICATION OF REVENUES BY SOURCE AND TYPE

SOURCE

- 10 General Property Taxes
- 20 Other Taxes
- 30 Licenses
- 40 Fines, Forfeits and Penalties
- 50 Revenue From Use Of Money Or Property
- 60 Revenues From Other Agencies
- 70 Service Charges for Current Services
- 90 Non Revenue Receipts

TYPE

Source

Type

- 10 General Property Taxes
 - 01 Current Year - Secured
 - 02 Current Year - Unsecured
 - 03 Prior Year - Secured and Unsecured
 - 04 Interest and Penalties on Delinquent Taxes
- 20 Other Taxes
 - 01 Franchise Tax
 - 02 Parking Tax
 - 03 Hotel Tax
 - 04 Business Tax
 - 05 Employee Payroll Tax
 - 06 Property Transfer Tax
 - 07 Purchase and Use Tax
 - 08 Utility User Tax
 - 09 Admissions Tax
- 30 Licenses
 - 01 Licenses for Street Use
 - 02 Health Business License
 - 03 Professional and Occupational Licenses
 - 04 Non Business Licenses
- 40 Fines, Forfeits and Penalties
 - 01 Municipal Court - Traffic
 - 02 Municipal Court - Other than Traffic
 - 03 Superior Court - Traffic
 - 04 Superior Court - Other than Traffic
 - 05 Adult Probation - Municipal Court Fines

- 06 Adult Probation - Superior Court Fines
- 07 Superior Court - Forfeited Jury Fees
- 08 Forfeits - Other than Court
- 09 Penalties - Other than Court or Tax
- 10 Disciplinary Fines

50 Revenue From Use of Money or Property

- 01 Interest Earned
- 02 Interest Earned, Unapportioned
- 03 Rents - General City
- 04 Rents - Schools
- 05 Rent - Civic Center Plaza Garage

60 Revenues from Other Agencies

- 01 State Subventions - City
- 02 Federal Subventions - City
- 03 Shared Taxes
- 04 Federal Revenue Sharing
- 05 State Subventions - Schools
- 06 Federal Subventions - Schools
- 07 Shared Taxes
- 08 Mandated Cost Reimbursements
- 09 Grants - State
- 10 Grants - Federal
- 11 Payments in Lieu of Taxes
- 12 State Highway Rentals
- 51 Police Unclaimed Property
- 52 Unclaimed Warrants
- 53 Unclaimed Bail
- 54 Other Monies Escheated to City and County

70 Service Charges for Current Services

- 01 General Government Fees
- 02 Police Permits and Fees
- 03 Fire Permits and Fees
- 04 Electrical Inspection Fees
- 05 Building and Structure Inspection Fees
- 06 Industrial Waste Discharge Fees
- 07 Miscellaneous Public Works Fees
- 08 Agricultural and Animal Fees
- 09 Highway and Sanitation Service Charges
- 10 Health Conservation Service - Permits and Fees
- 11 Miscellaneous Health Department Fees
- 12 Hospital Service Charges
- 13 Welfare Service Charges
- 14 Correctional Service Charges

- 15 School Service Charges
- 16 Library Service Charges
- 17 Cultural - Scientific - Recreational Activities
- 18 Parks and Playgrounds Recreation Services
- 50 PUC - General Office Revenues
- 51 Airport Operating Revenues
- 52 Municipal Railway Operating Revenues
- 53 Water Department Operating Revenue
- 54 Hetch Hetchy Project Operating Revenues
- 55 San Francisco Harbor Improvement Operating Revenues

90 Non Revenue Receipts

- 01 Sale of Fixed Assets
- 02 Compensation for Loss of Fixed Assets
- 03 Rent Applied to Cost of Land
- 04 Accounts and Subventions Receivable
- 05 Other Receivables
- 06 Cancelled Revolving Fund Checks
- 07 Return of Revolving Funds
- 08 Refunds of Advances
- 09 Offsets to Outlays
- 10 Subrogation Recoveries
- 11 Deposits of Trust Funds
- 12 Suspense Deposit
- 13 Refundable Deposit
- 14 Premium on Sale of Bonds
- 15 Par on Sale of Bonds
- 16 Accrued Interest Received

APPENDIX D

CLASSIFICATION OF GOVERNMENT SERVICES
BY FUNCTION AND PROGRAM

APPENDIX D

CLASSIFICATION OF GOVERNMENT SERVICES
BY FUNCTION AND PROGRAM

<u>Function</u>	<u>Program</u>
01 Public Safety	01-01 Crime Control 01-02 Fire Safety 01-03 Traffic Safety 01-04 Legal Prosecution 01-05 Judicial Adjudication 01-06 Emergency Services 01-07 Protective Inspection and Licensing 01-10 Support Services
02 Community Environment	02-01 Urban Conservation 02-02 Water and Power 02-03 Housing and Neighborhood Development 02-04 Transportation 02-10 Support Services
03 Human Development	03-01 Social and Economic Well-Being 03-02 Conservation of Health 03-03 Cultural Enrichment and Recreation 03-10 Support Services
04 General Government and Central Staff Services	04-01 General Government 04-02 Central Staff Services

COMMUNITY ENVIRONMENT

PUBLIC SAFETY

JUDICIAL ADJUDICATION

- Municipal Court (155)
- Superior Court (179)
- Adult Counseling and Probation (111)
- Juvenile Detention (186)
- Indigent Defense (165)

EMERGENCY SERVICES

- Mayor's Emergency Services (131)
- Emergency Medical Services (561)

PROTECTIVE INSPECTION AND LICENSING

- Permit Appeals (159)
- Building Inspections (415)
- Code Enforcement (419)
- Weights and Measures (265)
- Agriculture Inspection (211)

OTHER PUBLIC PROTECTION

- Decedent Investigation (223)
- Decedent Estates (243)
- Guardian/Conservatorships (243)

SUPPORT SERVICES

- Police Support Services (161)
- Fire Support Services (145)
- First Aid and Communications Equipment Maintenance (231)
- Sheriff Support Services (173)
- Court Security Services (173)
- Jail Medical Services (515)
- Juvenile Medical Services (533)
- Judicial Documentation (225)
- Law Library (149)
- Process Services (173)

This classification of government services is tentative and will be considerably refined during Phase II after consultation with the Mayor, the Board of Supervisors, CAO and departmental management.

HUMAN DEVELOPMENT

CULTURAL ENRICHMENT AND RECREATION

- Library Services (631)
- Educational Exhibits (213)
- Operation and Maintenance of Parks, Zoos, Golf Courses and Other Recreational Facilities (651)
- Operation and Maintenance of Yacht Harbor (648)
- Operation and Maintenance of Multi-Purpose Stadium (653)
- Operation and Maintenance of Fine Arts Museum (621)
- Operation and Maintenance of Asian Arts Museum (622)
- Cultural Appreciation and Development (113)
- Operation and Maintenance of Entertainment, Convention, and Cultural Facilities (247, 691)
- County Educational Services (143)

SUPPORT SERVICES

- Recreation and Parks Support Services (654, 654)
- Public Health Support Services (517, 519)

GENERAL GOVERNMENT, CENTRAL STAFF SERVICES, AND ADMINISTRATION

CENTRAL STAFF SERVICES

- Personnel Services (Civil Service) (121)
- Personnel Services (Employee Relations) (182)
- Financial Services - Controller (123)
- Financial Services - Treasurer (183)
- Financial Services - FIRM (153)
- Legal Services (117)
- Probation Services (311)
- Data Processing Services (124)
- Data Processing Services (POC) (766)
- Real Property Management (245)
- Automotive Shops (312)
- Architectural Services (411)
- Building Repair Services (417)
- Employees' Retirement Services (697)
- Employees' Health Services (699)
- Records Center (253)
- Utility Services (656)

CITY AND COUNTY OF SAN FRANCISCO

TENTATIVE CLASSIFICATION OF GOVERNMENT SERVICES
BY MAJOR SERVICE AREA, COMMUNITY GOAL, AND PROGRAM

GENERAL GOVERNMENT, CENTRAL STAFF
SERVICES, AND ADMINISTRATION

PUBLIC SAFETY

CRIME CONTROL

- Police Patrol (161)
- Police Investigations (161)
- Police Traffic Activities (161)
- Police Crime Prevention and Education (161)
- Police Community Relations (161)
- Police Intelligence Activities (161)
- Prisoner Custody (173)
- Prisoner Rehabilitation (173)
- Parole (173)

PIPE SAFETY

- Fire Fighting (145)
- Fire Prevention and Investigation (145)

TRAFFIC SAFETY

- Traffic Regulation (161)
- Traffic Adjudication (155)
- Traffic Signal Maintenance (231)
- Traffic Engineering (683)

LEGAL PROSECUTION

- Criminal and Civil Prosecution (141)
- Consumer Fraud Prosecution (141)
- Investigation (141)
- Facility Support Enforcement (141)

COMMUNITY ENVIRONMENT

URBAN CONSERVATION

- City Planning and Zoning (119)
- Sanitary Engineering (422)
- Water Conservation (422)
- Water Pollution Control (426)
- (Pumping and Treatment)
- Water Pollution Control (429)
- (Sewer Repair)
- Street Cleaning (431)
- Street Planting and Landscaping (686, 684)
- Street Repairing (681)
- Street Lighting (695)
- General Engineering Services (421)

WATER AND POWER

- Water Distribution (745)
- Water Supply and Power Generation (755)

HOUSING AND NEIGHBORHOOD DEVELOPMENT

- Community Developments
- Model Cities
- Neighborhood Economic Development
- Bayview-Hunter's Point Facility
- Rent Assistance Relocation Services
- Farmers' Market Operation (241)

TRANSPORTATION

- Mass Transit Operations (735)(755)
- Airport Operation and Maintenance (725)
- Port Operation and Maintenance (755)
- Off-Street Parking (157)(608)
- Parking Meter Maintenance (231)
- Parking Meter Collections (260)

HUMAN DEVELOPMENT

SOCIAL AND ECONOMIC WELL-BEING

- Aid to Families with Dependent Children (161)
- Foster Care for Children (169)
- Services for the Blind (169)
- General Assistance (169)
- Adoption Services (169)
- Refugees and Repatriates^a
- Services (169)
- State Adult Programs (169)
- SSI/SSP (169)
- Medi-Cal (169)
- SSI/SSP - Homemaker/Chore (169)
- WM - Social Services (169)
- Non-Assistance Food Stamps (169)
- Housing Home Licensing (169)
- Child Welfare Services (169)
- Child Support (169)

CONSERVATION OF HEALTH

- General Hospital Services (557)
- Long-Term Care Services (555)
- Community Mental Health Services - Special Problems (563)
- CMHS - Mental Retardation (565)
- CMHS - Mental Health Centers (567, 568, 569, 570, 571)
- CMHS - Special Programs (581)
- Child Alcoholism (573)
- Maternal and Child Hygiene Services (521)
- Disease Control (525)
- Dental Services (529)
- Food and Sanitary Inspection and Rodent Control (531)
- Public Health Center Operations (535)
- Public Health Education (537)
- Public Health Nursing (539)
- Tuberculosis Control (543)
- Venereal Disease Control (545)

GENERAL GOVERNMENT

- Board of Supervisors (181)
- Mayor (151)
- Chief Administrative Officer
- Assessor (115)
- Registrar of Voters (255)
- Tax Collector (260)
- Director of Finance and Records (227)
- Recorder (251)
- Public Utilities Commission (705)
- Bond Interest and Redemption
- Judgement and Claims Against City and County

DEPARTMENTAL ADMINISTRATION

- This would include departmental administration for all City Departments listed in Appendix F

APPENDIX E

CLASSIFICATION OF ORGANIZATION STRUCTURE
BY DEPARTMENT

APPENDIX E

CLASSIFICATION OF ORGANIZATION STRUCTURE
BY DEPARTMENT

<u>Department Code</u>	<u>Department Name</u>
01	Board of Supervisors
02	Assessor
03	City Attorney
04	District Attorney
05	Public Defender
06	Sheriff
07	Education - County Offices
08	Treasurer
09	Controller
10	Superior Court
11	Municipal Court
12	Juvenile Court
13	Adult Probation
25	Mayor
26	Commission on the Aging
27	Airport
28	Art Commission
29	City Planning Department
30	Civil Service Department
31	Fire Department
32	Health Service System
33	Hetch Hetchy Department
34	Human Rights Commission
35	Municipal Railway
36	Parking Authority
37	Permit Appeals Board
38	Police Department
39	Port
40	Public Utilities Commission
41	Public Library
42	Recreation and Parks Department
43	Redevelopment Agency
44	Retirement System
45	Social Services Department
46	War Memorial
47	Water Department
48	Commission on the Status of Women
60	Academy of Science
61	Asian Art Museum
62	Fine Arts Museum
63	Law Library



70	Chief Administrative Officer
71	Animal Control Center
72	Department of Agriculture
73	Department of Weights and Measures
74	Coroner
75	Department of Electricity
76	Department of Finance and Records
77	County Clerk
78	Recorder
79	Public Administrator - Guardian
80	Registrar of Voters
81	Tax Collector
82	Records Center
83	Department of Public Health
84	Department of Public Works
85	Purchasing Department
86	Real Estate Department

APPENDIX F

EXAMPLE OF CLASSIFICATION OF ORGANIZATION STRUCTURE
BY DEPARTMENT, DIVISION AND SECTION



APPENDIX F

EXAMPLE OF CLASSIFICATION OF ORGANIZATION STRUCTURE
BY DEPARTMENT, DIVISION AND SECTION

<u>Department</u>	<u>Division</u>	<u>Section</u>
38 Police		
	38-01 Field Operations	
		38-01-01 Patrol
		38-01-02 Traffic
		38-01-03 Crime - Specific
		38-01-04 Crime Prevention/Education
	38-02 Investigation	
		38-02-01 Personal Crimes
		38-02-02 Property Crimes
		38-02-03 Youth Services
		38-02-04 Vice Crimes
	38-03 Support Services	
		38-03-01 Records
		38-03-02 Communications
		38-03-03 Property Control
		38-03-04 Criminalistics
	38-04 Administration	
		38-04-01 Research and Development
		38-04-02 Personnel and Training
		38-04-03 Legal
		38-04-04 Permits
	38-05 Community Relations	
	38-06 Intelligence	
	38-07 Internal Affairs	

APPENDIX G

CONVERSION TABLE:

RELATIONSHIP OF EXISTING CHART OF ACCOUNTS

TO PROPOSED CHART OF ACCOUNTS



CONVERSION TABLE:
RELATIONSHIP OF EXISTING CHART OF ACCOUNTS
TO PROPOSED CHART OF ACCOUNTS

<u>New</u> <u>Account Number</u>	<u>Account Title</u>	<u>Current</u> <u>Account Number</u>
<u>ASSETS</u>		
<u>Cash</u>		
010	Cash	1000, 3000, 5000
070	Cash - Bond Interest	1010
030	Cash - Bond Redemption	1020
040	Cash - Imprest Funds	1030
050	Cash - On Hand or In Transit	1040
<u>Accounts Receivable</u>		
100	Taxes Receivable	1100
110	Taxes Receivable - Prior Years	1110
120	Penalties Receivable	1120
121	Penalties and Costs Receivable on Taxes	1121
122	Delinquent Taxes	
123	Reserve for Unsecured Taxes, Penalties, Costs	1710
125	Assessments Receivable - Current	5125
126	Assessments Receivable - Prior Years	5135
130	Franchise Taxes Receivable	1130
140	Government Subventions Receivable	1140
150	Federal Grants Receivable	1150
160	Interest Receivable	None
161	Accrued Interest on Investments	5160
170	Accounts Receivable - Other	1170, 3170, 5170 1172, 1173, 1175, 3175
171	Reserve for Valuation of Receivables	1780C, 1780A
172	Accounts Receivable - Non-Revenue (PSE)	1171
<u>Interfund Accounts Receivable</u>		
200	Temporary Loans	1200, 3200, 5200 1210, 3210, 5210
245	Budget Transfers	1245, 3245, 5245 1255, 3255, 5255
260	Interdepartmental Work Orders	1260, 5260
280	Miscellaneous Receivable	1280, 3280, 5280 1290, 3290, 5290

<u>New Account Number</u>	<u>Account Title</u>	<u>Current Account Number</u>
<u>Fixed Assets</u>		
300	Land	1300, 3300, 5300
310	Buildings, Structures, Improvements	1310, 3310, 5310
320	Machinery and Equipment	1320, 3320, 5320
330	Work in Progress	(1330, 3330), 5330
350	Land	3350
360	Buildings, Structures, Improvements	3360
361	Allowance for Depreciation - Buildings, Structures - PSE	None
370	Machinery and Equipment	3370
371	Allowance for Depreciation - Machinery and Equipment - PSE	None
<u>Investments</u>		
390	Investments - Securities	3390, 5390
391	Investments - Others	5391
395	Deposits - Leases	5395
396	Deposits - Other	5396
<u>Other Debits and Suspense Debits</u>		
400	Estimated Revenues	1195, 5195
402	Revenues	1910
410	Bonds Authorized - Unsold	3185
411	Estimated Proceeds from Sales of Bonds or Investments	3186
420	Amounts To Be Provided for Bond Redemption	3410
430	Materials and Supplies Stores	1400
431	Materials and Supplies Inventories - Other	1401
460	Interdepartmental Work Order Expenditures	1460, 3460
465	Interdepartmental Work Order Authorizations	1465, 3465, 5465
480	Other Deferred Charges	1480, 3480, 5480
496	Amounts to be Provided for Loan Repayments	1496

<u>New</u> <u>Account Number</u>	<u>Account Title</u>	<u>Current</u> <u>Account Number</u>
<u>LIABILITIES</u>		
<u>Accounts Payable</u>		
508	Warrants Payable	1508, 3508
510	Accounts Payable	1580, 3580, 5580, 1509
540	Bond Interest Matured - Unpaid	1540
560	Bond Debt Matured - Unpaid	1560
<u>Interfund Accounts Payable</u>		
570	Temporary Loans	1600, 3600, 6600 1610, 3610
580	Budget Transfers	1645, 3645, 6645 1655, 3655
590	Miscellaneous Payables	1680, 3680, 6680 1690, 3690
<u>Long-Term Liabilities</u>		
600	Bonds Payable	3570
610	Long-Term Loans Payable	1590
<u>Other Credits and Suspense Credits</u>		
700	Unaccrued Taxes	1800
710	Deferred Personal Property Taxes	1810
720	Delinquent Tax Installments	1820
730	Subventions Received in Advance	1830
740	Deferred Credit - Cash on Hand or in Transit	1840
750	Other Deferred Credits - Suspense	1850, 6800
760	Refunds Due	1860
770	Suspense Revenue Receipts	1870
780	Other Receipts	1880
781	Interdepartmental Work Order Authorizations	1881
785	Interdepartmental Work Order Overhead	1885
790	General Receipts - PSE	1890

<u>New</u> <u>Account Number</u>	<u>Account Title</u>	<u>Current</u> <u>Account Number</u>
<u>OTHER CREDITS</u>		
<u>Operating Accounts</u>		
800	Appropriations	1900, 3900, 6900
810	Expenditures	1950, 1952
811	Expenditures - Prior Year Appropriations	1951
812	Depreciation Expense	
820	Bonds Redeemed - Current Years	1960
<u>Reserves</u>		
850	Encumbrances	1490
851	Reserve for Encumbrances - Contracts	1501, 3501, 5501
852	Reserve for Encumbrances - Purchase Orders	1502, 3502, 5502
853	Reserve for Encumbrances - TPO	1503, 3503, 5503
855	Reserve for Encumbrances - Interdepartmental Work Orders	1505, 3505, 5505
860	Reserve for Bond Interest and Redemption	1720
870	Reserve for Petty Cash	1770
871	Reserve for Inventories	1771
875	Reserve for Capital Additions	6760
<u>Fund Balance</u>		
900	Fund Balance	6900, 6910, 6930
910	Fund Balance Not Available for Appropriation	1980
920	Unappropriated Balance	1990, 3990
925	Unappropriated Reserves	6990
<u>Investment in Fixed Assets</u>		
950	Investment in Fixed Assets	3910



APPENDIX H

SAMPLE REPORT FORMATS

BATCH NUMBER	LINE	TR	MD	QY	SEC	FISCAL	CARD	TRANSACTION	AMOUNT	CODERS	INITIALS	PROJECT	TRANSACTION
TR	MD	QY	SEC	LINE	TR	MD	QY	SEC	TR	MD	QY	SEC	TR
75	03	31	C09	00	75	01	01	306	6,717.11	JJE		043674	6,717.11
LINE	TR	MD	QY	SEC	DOCUMENT	REFERENCE	TREASURERS	SUBSIDIARY	VENDOR	INDEX	CODE	NUMBER	AMOUNT
16					JE04015		NUMBER	ACCOUNT	NUMBER	CODE			
NUMBER	TRANSACTIONS	16					TRANS	CODE	HASH	TOTAL	5,932	AMOUNT	HASH
													36,253.00

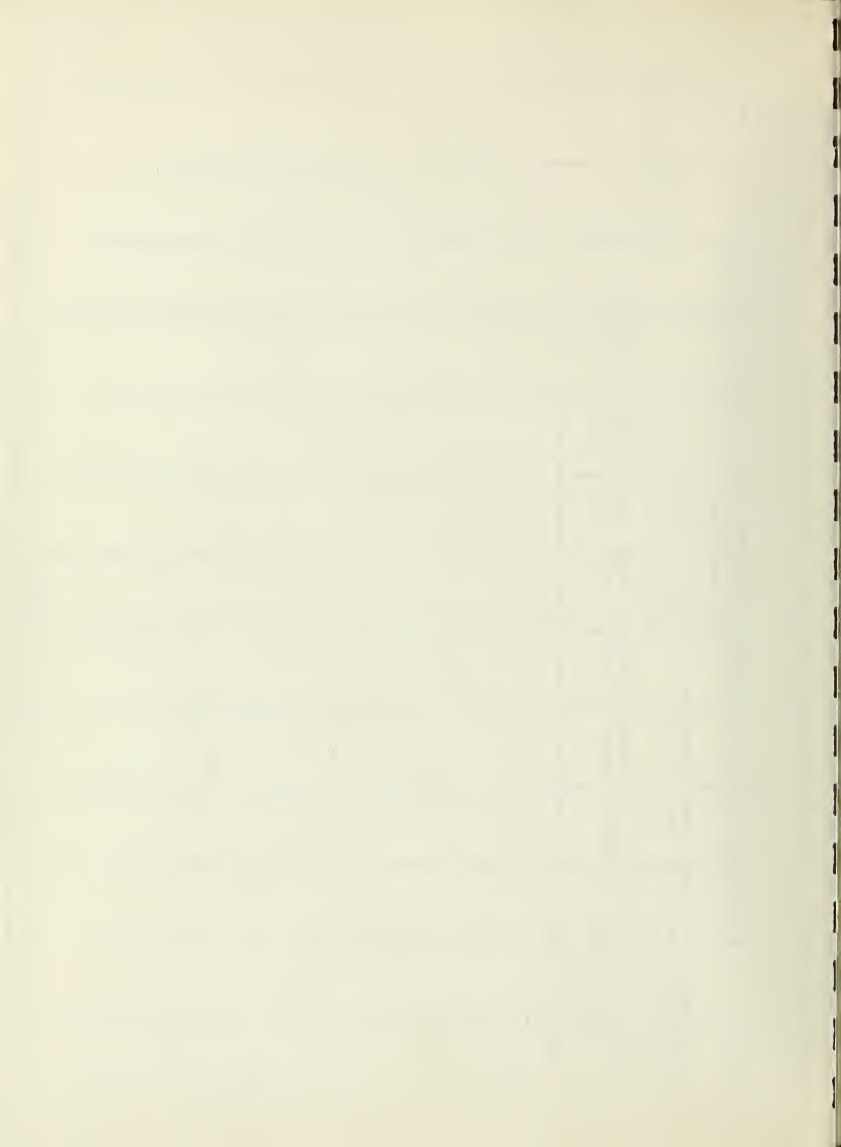
ERRORS

CHANGED H/TOTAL - ERRORS

ERRORS

24

H-1



DAILY LIST OF POSTED TRANSACTIONS BY BATCH

AS OF 08/01/76

BATCH DATE 75/03/31

BATCH SEQUENCE 009

LN TRANS NO CODE	DOC REF NUM	VENO NUM	VENDOR NAME	THEAS NUMBER	SUB ACCOUNT	PROJ	INDEX CODE	FY	CH	OBJ	FD	PR	SC	APPN AMOUNT	STAT
01 300	JE03315					CA3874	497776	75	08	810	97	00	100101	5,000.00	
02 300	JE03315					CA3874	497784	75	08	810	97	00	100101	1,000.00	
03 300	JE03315					CA3874	497800	75	08	810	97	00	100101	800.00	
04 300	JE03315					CA3874	497826	75	08	810	97	00	100101	448.00	
05 300	JE03315					CA3874	455311	75	08	826	97	00	100101	1,586.83	
06 300	JE03315					CA3874	497792	75	08	845	97	00	100101	1,593.50	FLAG
07 300	JE03315					CA3874	455329	75	08	851	97	00	100101	982.10	
08 300	JE03315					CA3874	001552	75	00	000	97	00	100101	11,410.43	
09 300	JE04015					CA3874	536557	75	08	810	97	00	090101	2,500.00	
10 300	JE04015					CA3874	536565	75	08	810	97	00	090101	1,000.00	FLAG
11 300	JE04015					CA3874	536573	75	08	810	97	00	090101	600.00	FLAG
12 300	JE04015					CA3874	536581	75	08	810	97	00	090101	300.00	FLAG
13 300	JE04015					CA3874	536599	75	08	810	97	00	090101	121.15	FLAG
14 300	JE04015					CA3874	536607	75	08	827	97	00	090101	1,485.00	FLAG
15 300	JE04015					CA3874	536615	75	08	859	97	00	090101	709.96	

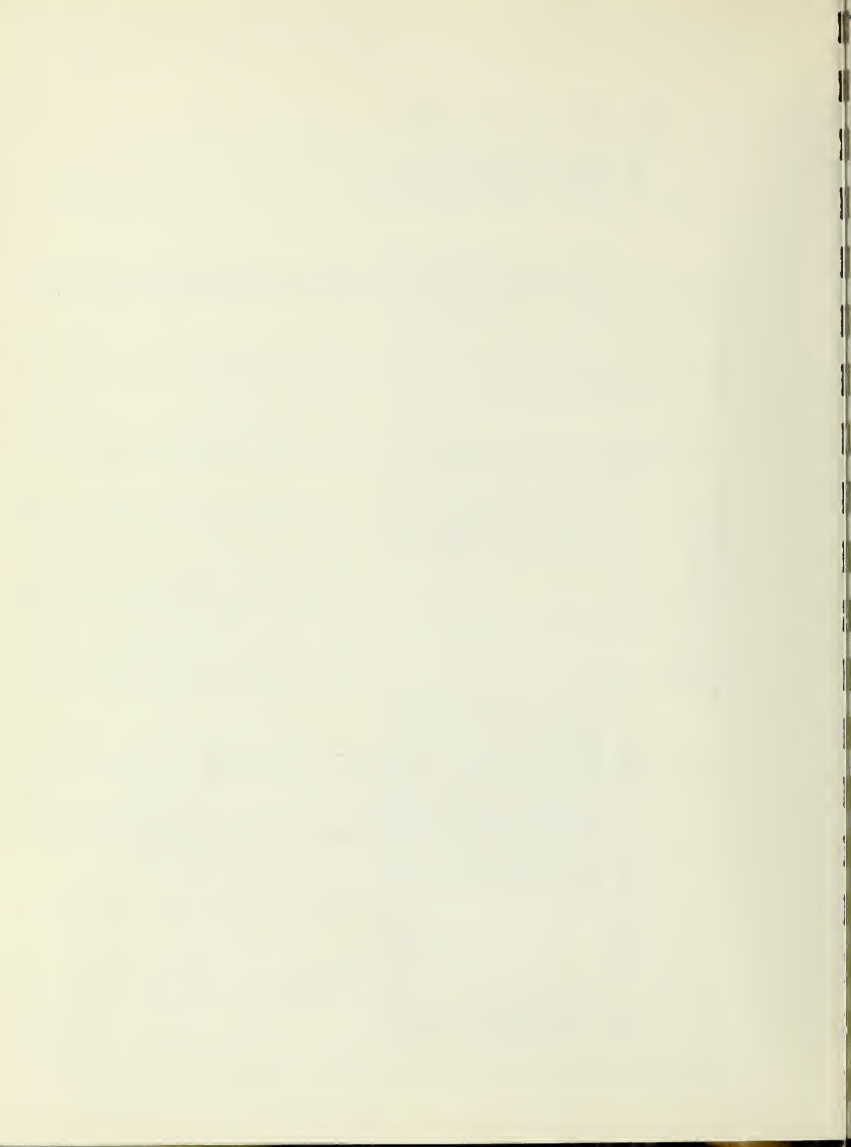
THE CITY OF MIAMI, FLORIDA
PURCHASE ORDER LOG

REPORT NO. 16

11/17/76

FOR 11/16/76

DOCUMENT NUMBER	VENDOR NUMBER	VENDOR NAME	BATCH IDENT.	NUM	LINE NO	TRANS CODE	INDEX CODE	CH	OBJ	PROJECT	AMOUNT	STATUS OF APP
PS50001	066635	STOCKROOM SUPPLIES	761111-022	01	211		290153	30	301	506000	150.00	
PS50002	066635	STOCKROOM SUPPLIES	761111-022	02	211		290158	30	301	000000	250.00	
PS50003	066635	STOCKROOM SUPPLIES	761111-022	03	211		270595	30	301	000000	150.00	
PS50004	066635	STOCKROOM SUPPLIES	761111-022	04	211		268839	30	301	000000	425.00	
PS50005	066635	STOCKROOM SUPPLIES	761111-022	05	211		271056	30	301	000000	350.00	
PS50006	066635	STOCKROOM SUPPLIES	761111-022	06	211		270309	30	301	000000	500.00	
PS50007	066635	STOCKROOM SUPPLIES	761111-022	07	211		322180	30	301	000000	500.00	
PS50008	066635	STOCKROOM SUPPLIES	761111-022	08	211		389379	30	301	000000	300.00	
PS50009	066635	STOCKROOM SUPPLIES	761111-022	09	211		271270	30	301	000000	75.00	
PS50010	066635	STOCKROOM SUPPLIES	761111-022	10	211		411843	30	301	102000	60.00	
PS50011	066635	STOCKROOM SUPPLIES	761111-022	11	211		430926	30	301	405000	230.00	
PS50012	066635	STOCKROOM SUPPLIES	761111-022	12	211		270058	30	301	000000	500.00	
PS50013	066635	STOCKROOM SUPPLIES	761111-022	13	211		261552	30	301	000000	300.00	
PS50014	066635	STOCKROOM SUPPLIES	761111-022	14	211		200337	30	301	000000	300.00	
PS50015	066635	STOCKROOM SUPPLIES	761111-022	15	211		200758	30	301	000000	250.00	
PS50016	066635	STOCKROOM SUPPLIES	761111-022	16	211		220244	30	301	000000	750.00	
PS50017	066635	STOCKROOM SUPPLIES	761111-022	17	211		490979	30	301	000000	900.00	
PS50018	066635	STOCKROOM SUPPLIES	761111-022	18	211		260232	30	301	000000	19.75	
PS50019	066635	STOCKROOM SUPPLIES	761111-022	19	211		265256	30	301	000000	35.00	
PS50020	066635	STOCKROOM SUPPLIES	761111-022	20	211		264358	30	301	000000	35.00	
PS50021	066635	STOCKROOM SUPPLIES	761111-023	01	211		265975	30	301	000000	20.00	F-AG
PS50022	066635	STOCKROOM SUPPLIES	761111-023	02	211		250415	30	301	000000	700.00	
PS50023	066635	STOCKROOM SUPPLIES	761111-023	03	211		340992	30	301	000000	600.00	
PS50024	066635	STOCKROOM SUPPLIES	761111-023	04	211		341875	30	301	000000	300.00	
PS50025	066635	STOCKROOM SUPPLIES	761111-023	05	211		311647	30	301	000000	600.00	
PS50026	066635	STOCKROOM SUPPLIES	761111-023	06	211		230318	30	301	000000	75.00	F-AG
PS50027	066635	STOCKROOM SUPPLIES	761111-023	07	211		264839	30	301	000000	25.00	
PS50028	066635	STOCKROOM SUPPLIES	761111-023	08	211		280222	30	301	000000	300.00	
PS50029	066635	STOCKROOM SUPPLIES	761111-023	09	211		470245	30	301	000000	300.00	
PS50030	066635	STOCKROOM SUPPLIES	761111-023	10	211		342873	30	301	000000	125.00	
PS50031	066635	STOCKROOM SUPPLIES	761111-023	11	211		360230	30	301	000000	350.00	
PS50032	066635	STOCKROOM SUPPLIES	761111-023	12	211		361055	30	301	000000	350.00	
PS50033	066635	STOCKROOM SUPPLIES	761111-023	13	211		390278	30	301	000000	250.00	
PS50034	066635	STOCKROOM SUPPLIES	761111-023	14	211		390997	30	301	000000	250.00	
PS50035	066635	STOCKROOM SUPPLIES	761111-023	15	211		412841	30	301	102000	1-200.00	
PS50036	066635	STOCKROOM SUPPLIES	761111-023	16	211		416321	30	301	102000	1-200.00	
PS50037	066635	STOCKROOM SUPPLIES	761111-023	17	211		292312	30	301	501000	436.25	
PS50038	066635	STOCKROOM SUPPLIES	761111-023	18	211		293555	30	301	501000	100.00	
PS50039	066635	STOCKROOM SUPPLIES	761111-023	19	211		294795	30	301	504000	200.00	
PS50040	066635	STOCKROOM SUPPLIES	761111-024	01	211		290171	30	301	505000	11-20	
PS50041	066635	STOCKROOM SUPPLIES	761111-024	02	211		450120	30	301	000000	10-000.00	
PS50042	066635	STOCKROOM SUPPLIES	761111-024	03	211		451195	30	398	000000	300.00	
PS50043	066635	STOCKROOM SUPPLIES	761111-024	04	211		456970	30	398	000000	10-000.00	
PS50044	066635	STOCKROOM SUPPLIES	761111-024	05	211		460691	30	398	000000	375.00	
PS50045	066635	STOCKROOM SUPPLIES	761111-024	06	211		462952	30	398	000000	330.00	
PS50046	066635	STOCKROOM SUPPLIES	761111-024	07	211		492439	30	301	000000	1-000.00	



C-62753	GENERAL LEDGER	THE CITY OF SAN ANTONIO, TEXAS	REPORT NO. 15	PAGE 11
		DAILY STATEMENT OF TREASURERS ACCOUNTABILITY	AS OF 06/01/76	05/06/75
		FUND 99- TREASURERS ACCOUNTABILITY		
		ACCOUNT TITLE	DAY BEGINNING BALANCE	CURRENT DAY ACTIVITY
			DEBITS	CREDITS
106	TEST MAIN CHECKING ACCOUNT		28,143.11	28,143.11
199	TEST BANK DEPOSIT CLEARING ACCOUNT		22,220.67	5,922.44-
797	** UN-ASSIGNED TITLE **			22,220.67-
	GRAND TOTAL		50,363.78	50,363.78-

04/23/75

CREAYE DATE

042075

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RESEARCH DESIGN

C-62752

THE CITY OF SAN ANTONIO, TEXAS

REPORT NO. 27

PAGE 1

LISTING OF INDEX CODES - NUMERICAL SEQUENCE

04/23/75

INDEX CODE	PR FD	SC PE	CH CH	DBJ DBJ	MC MC	FU FU	HR HR	ORG ORG	DV DV	SC SC	SUB ACT	ACT ACT	CSY CSY	PROJECT	DESCRIPTION	CREATE DATE	UPDATE DATE
000976	97	00	0	00	000	00	00	00	00	00	00	00	000	043874	ALAND AREA CCG FUND-ONLY INDEX CODE	042075	042075
001113	97	00	0	00	000	00	00	00	00	00	02	02	001	043874	AACDG FUNDING TO PLANNING DEPT - YCC 74	042075	042075
001114	97	00	0	00	000	00	00	00	00	00	02	02	002	043874	AACDG FUNDING TO PARKS & REC - YCC 1974	042075	042075
001152	97	00	0	00	000	00	00	00	00	00	03	03	003	043874	IN-KIND PLANNING DEPT FUNDING - YCC 74	042075	042075
001167	97	00	0	00	000	00	00	00	00	00	03	03	004	043874	IN-KIND PARKS & REC FUNDING - YCC 1974	042075	042075
005311	97	00	2	08	826	04	03	10	01	01	00	00	033	043874	IN-KIND USE OF BRUSH TRUCKS & AUTO	042075	042075
005319	97	00	2	08	831	04	03	10	01	01	00	00	036	043874	IN-KIND OFFICE SUPPLIES, SPACE, XEROX	042075	042075
007219	97	00	2	01	110	04	03	10	01	01	00	00	001	043874	SALARIES FOR 33 ENROLLERS	042075	042075
007227	97	00	2	01	110	04	03	10	01	01	00	00	003	043874	SALARIES FOR 3 YOUTH LEADERS	042075	042075
007235	97	00	2	01	110	04	03	10	01	01	00	00	005	043874	SALARIES FOR 4 TEMPORARY EMPLOYEES	042075	042075
007243	97	00	2	04	214	04	03	10	01	01	00	00	004	043874	RETIREMENT AND PICA COSTS	042075	042075
007250	97	00	2	04	214	04	03	10	01	01	00	00	011	043874	INSURANCE	042075	042075
007258	97	00	2	02	214	04	03	10	01	01	00	00	014	043874	TRANSPORTATION	042075	042075
007276	97	00	2	08	810	04	03	10	01	01	00	00	017	043874	IN-KIND PLANNING DEPT SUPERVISORS	042075	042075
007284	97	00	2	08	810	04	03	10	01	01	00	00	020	043874	IN-KIND PUBLIC WORKS SALARIES	042075	042075
007292	97	00	2	08	845	04	03	10	01	01	00	00	026	043874	IN-KIND FINANCE DEPT INDIRECT COST	042075	042075
007400	97	00	2	08	810	04	03	10	01	01	00	00	021	043874	IN-KIND PERSONNEL DEPT SALARIES	042075	042075
007426	97	00	2	08	810	04	03	10	01	01	00	00	022	043874	IN-KIND CITY STAFF TEACHERS	042075	042075
007429	97	00	2	08	814	04	03	09	01	01	00	00	029	043874	TRANSPORTATION	042075	042075
007430	97	00	2	08	814	04	03	09	01	01	00	00	029	043874	INSURANCE	042075	042075
007431	97	00	2	04	414	04	03	09	01	01	00	00	006	043874	SALARIES FOR 14 ENROLLERS	042075	042075
007432	97	00	2	01	110	04	03	09	01	01	00	00	004	043874	SALARIES FOR 1 YOUTH LEADER	042075	042075
007433	97	00	2	04	401	04	03	09	01	01	00	00	007	043874	PICA	042075	042075
007434	97	00	2	02	297	04	03	09	01	01	00	00	010	043874	DISCRETIONARY FUNDS	042075	042075
007435	97	00	2	08	810	04	03	09	01	01	00	00	013	043874	IN-KIND ADMINISTRATIVE SALARIES	042075	042075
007436	97	00	2	08	810	04	03	09	01	01	00	00	016	043874	IN-KIND AGRICULTURE	042075	042075
007437	97	00	2	08	810	04	03	09	01	01	00	00	016	043874	IN-KIND POLITICAL TURIST	042075	042075
007438	97	00	2	08	810	04	03	09	01	01	00	00	021	043874	IN-KIND CEMETERY SUPERINTENDENT	042075	042075
007439	97	00	2	08	810	04	03	09	01	01	00	00	021	043874	IN-KIND CEMETERY SERVICE	042075	042075
007440	97	00	2	08	827	04	03	09	01	01	00	00	027	043874	IN-KIND USE OF EQUIPMENT	042075	042075
007441	97	00	2	08	859	04	03	09	01	01	00	00	030	043874	IN-KIND USE OF AGRICULTURAL SUPPLIES	042075	042075

C-02/75

FUND GENERAL LEDGER 62 TEST UTILITY DEPOSIT FUND
62 TEST DEPOSITS UTILITY

RECORD-ID
PD SER ACCT #

DESCRIPTION

62 220 00001 TEST SUBSIDIARY FOR UTILITY DEPOSITS

THE CITY OF SAN ANTONIO, TEXAS
LISTING OF SUBSIDIARIES ON FILE

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04/23/75

DATE INT
AUTHORIZED RATE

DATE PAR VALUE

PCT FR
YIELD EQ

042075

UPDT DTE

C-62/752

THE CITY OF SAN ANTONIO, TEXAS

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LISTING OF VENDORS ON FILE

RATING DATE

RATING

FEDERAL-10-NO

ZIP

VENDOR NAME & ADDRESS

VENDOR

000000

999999999 0

99999

TEST VENDOR
TEST ADDRESS
TEST ADDRESS

000011

000000

9999999999999

99999

FIRST TEST VENDOR
FIRST TEST STREET
FIRST TEST CITY & STATE

100001

000000

9999999999999

99999

SECOND TEST VENDOR
SECOND TEST STREET
SECOND TEST CITY
SECOND TEST STATE

200002

000000

9999999999999

99999

THIRD TEST VENDOR
ATTN: COLLECTIONS DEPT
THIRD TEST P.O. BOX
THIRD TEST CITY AND STATE

300003

THE CITY OF SAN ANTONIO, TEXAS

LISTING OF PROJECTS ON FILE

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PROJECT	DATE	DATE
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FROM	TO	DATE	DATE
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[illegible]

0000001	750101	751231
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TEST REVENUE SOURCE GENERAL

043874	740601	..	740830
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YOUTH CONSERVATION CORPS - 1974

101057 102713

***** TEST PROJECT - PEAT, MARWICK, MITCHELL & CO *****

CREATE DATE	UPDATE DATE
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042075

042075

042075

04/23/75

NAME OF TITLES 01 GENERAL LEDGER ACCOUNTS TITLES

INDIC	TITLE KEY	DESCRIPTION	CREATE DATE	UPDATE DATE
01	0000000101	TEST EQUITY IN POOLED CASH	04/20/75	
01	0000000102	TEST CASH IN RESTRICTED BANK ACCOUNT	04/20/75	
01	0000000105	TEST TAXES RECEIVABLE CURRENT	04/20/75	
01	0000000106	TEST RESERVE FOR TAXES REC CURRENT	04/20/75	
01	0000000113	TEST ACCOUNTS RECEIVABLE NO RESERVE OTHER	04/20/75	
01	0000000114	TEST ACTS REC NO RESERVE UTILITIES	04/20/75	
01	0000000115	TEST ACCOUNTS RECEIVABLE FULL RESERVE	04/20/75	
01	0000000116	TEST RESERVE FOR ACCOUNTS RECEIVABLE	04/20/75	
01	0000000121	TEST SPECIAL ASSESSMENTS REC CURRENT	04/20/75	
01	0000000132	TEST DUE FROM OTHER GOVERNMENTS	04/20/75	
01	0000000135	TEST INTEREST RECEIVABLE	04/20/75	
01	0000000151	TEST INVESTMENTS NON-POOLED	04/20/75	
01	0000000164	TEST EQUIPMENT	04/20/75	
01	0000000181	TEST AMOUNT AVAILABLE FOR DEBT SERVICE	04/20/75	
01	0000000197	TEST AMTS TO BE PROVIDED FOR DEBT SERVICE	04/20/75	
01	0000000197	TEST BANK DEPOSIT CLEARING A/C NON-POOLED	04/20/75	
01	0000000201	TEST VOUCHERS PAYABLE	04/20/75	
01	0000000203	TEST JUDGEMENTS PAYABLE	04/20/75	
01	0000000206	TEST CONTRACTS PAYABLE	04/20/75	
01	0000000209	TEST DUE TO OTHER GOVERNMENTAL UNITS	04/20/75	
01	0000000210	TEST SALES TAX PAYABLE	04/20/75	
01	0000000212	TEST MATURED BONDS PAYABLE	04/20/75	
01	0000000218	TEST ACCRUED INTEREST PAYABLE	04/20/75	
01	0000000219	TEST REFUNDS TC MAIL	04/20/75	
01	0000000220	TEST DEFICITS UTILITY	04/20/75	
01	0000000221	TEST DEFICITS OTHER	04/20/75	
01	0000000231	TEST BONDS PAYABLE	04/20/75	
01	0000000240	TEST TAXES COLLECTED IN ADVANCE	04/20/75	
01	0000000241	TEST OTHER REVENUE COLLECTED IN ADVANCE	04/20/75	
01	0000000244	TEST PREMIUM ON BONDS SOLD	04/20/75	
01	0000000245	TEST PREPARED DEVELOPER ADVANCES	04/20/75	
01	0000000246	TEST OTHER DEFERRED REVENUE	04/20/75	
01	0000000315	TEST BUDGETED RECEIPTS AND REVENUE	04/20/75	
01	0000000316	TEST APPROPRIATIONS APPROVED	04/20/75	
01	0000000322	TEST RESERVE FOR ENCUMBRANCES	04/20/75	
01	0000000325	TEST INVESTMENT IN FIXED ASSETS	04/20/75	
01	0000000401	TEST ESTIMATED RECEIPTS	04/20/75	
01	0000000402	TEST ESTIMATED RECEIPTS TRANSFERS	04/20/75	
01	0000000411	TEST RECEIPTS REGULAR	04/20/75	
01	0000000412	TEST RECEIPTS - TRANSFERS	04/20/75	
01	0000000420	TEST APPROPRIATIONS	04/20/75	
01	0000000431	TEST EXPENDITURES	04/20/75	
01	0000000432	TEST EXPENDITURES - TRANSFERS	04/20/75	
01	0000000440	TEST ENCUMBRANCES	04/20/75	
01	0000000441	TEST BUDGETED APPROPRIATIONS	04/20/75	



APPENDIX I

GLOSSARY OF TERMS



GLOSSARY OF TERMS

ACCOUNTING PERIOD. A period at the end of which and for which financial statements are prepared.

ACCOUNTING PROCEDURE. The arrangement of all processes which discover, record and summarize financial information to produce financial statements and reports, and to provide internal control.

ACCOUNTING SYSTEM. The total structure of records and procedures which identify, record, classify and report information on the financial position and operations of a governmental unit or any of its funds, balanced account groups, and organizational components.

ACCOUNTS PAYABLE. Liabilities on open account owing to private persons, firms or corporations for goods and services received by a governmental unit but not including amounts due to other governmental units.

ACCRUAL BASIS. The basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received, notwithstanding that the receipt of the revenue or the payment of the expenditure may take place, in whole or in part, in another accounting period.

ACCRUED. To record revenues when earned and to record expenditures as soon as they result in liabilities for benefits received, notwithstanding that the receipt of the revenue or payment of the expenditure may take place, in whole or in part, in another accounting period.

ACCRUED EXPENSES. Expenses incurred during the current accounting period but which are not payable until a subsequent accounting period.

ACCRUED LIABILITIES. Amounts owed but not yet due, such as accrued interest on utility revenue bonds.

ACCRUED REVENUE. Revenue earned during the current accounting period but which is not collected until a subsequent accounting period.

ACTIVITIES. The types of work performed by an agency in carrying out the programs for which it is responsible. The activity classifications show how the resources used (input as represented by the cost accounts) are converted to the services provided in terms of programs (output).

AMORTIZATION. (1) Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts. (2) Provision for the extinguishment of a debt by means of a Debt Service Fund.

ANNUAL BUDGET. A budget applicable to a single fiscal year.

APPROPRIATION. An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

APPROPRIATION BILL, RESOLUTION, or ORDER. A bill, resolution or order by means of which appropriations are given legal effect. It is the method by which the expenditure side of the budget is enacted into law by the legislative body.

APPROPRIATION EXPENDITURE. An expenditure chargeable to an appropriation.

ASSETS. Property owned by a governmental unit which has a monetary value.

Note: Conventionally, debit balances subject to final disposition, such as deferred charges and prepaid expenses, are classified as assets at closing periods, even though the stated values may not represent realizable values.

AUDIT. The examination of documents, records, reports systems of internal control, accounting and financial procedures, and other evidence for one or more of the following purposes:

- (a) To ascertain whether the statements prepared for the accounts present fairly the financial position and the results of financial operations of the constituent funds and balanced account groups of the governmental unit in accordance with generally accepted *accounting principles applicable to governmental units* and on a basis consistent with that of the preceding year;
- (b) To determine the propriety, legality and mathematical accuracy of a governmental unit's financial transactions;
- (c) To ascertain whether all financial transactions have been properly recorded; and
- (d) To ascertain the stewardship of public officials who handle and are responsible for the financial resources of a governmental unit.

BALANCE SHEET. A statement which discloses the assets, liabilities, reserves, and equities of a fund or governmental unit at a specified date properly classified to exhibit financial position of the fund or unit at that date.

BATCH. An accumulation of transactions which, as a group, are controlled during the input process. A batch is used only to control input and for reference. It is not used for subsequent accounting processing. Each single item on the batch is accounted for separately in the system.

BATCH TOTAL. A total on the amount fields entered in the input transaction batch. This total is entered on a header card. By comparing this total against an amount total accumulated during processing, an accurate check is made.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single year.

BUDGET DOCUMENT. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation revenue, and borrowing measures necessary to put the budget into effect.

BUDGETARY ACCOUNTS. Those accounts which reflect budgetary operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts.

BUDGETARY CONTROL. The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

CAPITAL OUTLAYS. Expenditures which result in the acquisition of or addition to fixed assets, including resources of a fixed or permanent character, such as land and buildings, which cannot ordinarily be used to meet current expenditures.

CASH BASIS. The basis of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

CASH DISCOUNT. An allowance received or given if payment is completed within a stated period of time.

CHARACTER CLASSIFICATION. The character classification relates expenditure and receipt to the fiscal periods they benefit. The chief receipt classifications are: current revenues, sale of fixed assets, and proceeds from sale of long-term bonds. The chief

expenditure character classes are current expenditures which are for the current year's operations; capital outlay, which represents the acquisition of assets and benefits primarily future years' operations, although there may be some benefits in the current fiscal year; and debt services, which relates to the past for the payment of principal, and the current fiscal year for the interest accrued.

CHECK. A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer out of money or deposit to the credit of the maker.

Note: A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing marks of a voucher and a check; it shows the propriety of a payment and is an order to pay.

CLASSIFICATION OF EXPENDITURE. A grouping of expenditures on the basis of goods or services purchased; specifically, personal services, nonpersonal expenditures, and capital outlay.

Note: Classification of expenditure is also currently referred to as character, category, major classification, but for system discussion, the term classification of expenditure will be used exclusively.

CLEARING ACCOUNT. An account used to accumulate total charges or credits for the purpose of distributing them later among the accounts to which they are applicable or for the purpose of transferring the net differences to the proper account.

CODING. A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information.

CONTINGENT LIABILITIES. Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.

Note: All contingent liabilities should be shown on the face of the balance sheet or in a footnote thereto.

CONTINUING APPROPRIATION. An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered or revoked. Appropriations for capital projects should be continuing.

CONTROL ACCOUNT. An account in the general ledger in which are recorded the aggregate of debit and credit postings to a number of identical or related accounts called subsidiary accounts.

COST ACCOUNTS. Accounts used to describe in detail the purpose or reason for which resources are expended. Cost accounts give specific descriptions of the input items. They are tailor-made for each activity. Cost accounts differ from the object classifications which are uniform for all operations or represent the nature of general type of goods and services purchased.

COST UNIT. A term used in cost accounting to designate the unit of product or service whose cost is computed. These units are selected for the purpose of comparing the actual cost with a standard cost or with actual costs of units produced under different circumstances or at different places and times.

CURRENT. A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods.

CURRENT ASSETS. Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and taxes receivable which will be collected within about a year from the balance sheet date.

CURRENT BUDGET. The annual budget prepared to be effective during the present fiscal year; or, in the case of some state governments, the budget for the present biennium.

CURRENT LIABILITIES. Liabilities which are payable within a relatively short period of time, usually no longer than a year.

CURRENT RESOURCES. Resources which are available to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and in the case of certain funds, bonds authorized and unissued.

CURRENT REVENUE. Revenues of a governmental unit which are available to meet expenditures of the current fiscal year.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governmental units include bonds, time warrants, notes, and floating debt.

DEBT SERVICE FUND REQUIREMENTS. The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.

DEBT SERVICE REQUIREMENT. The amount of money required to pay the interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to a Debt Service Fund for term bonds.

DECISION TABLE. Organized tabular representation of relationships between variables, sets of conditions, and the related sequences of action that make up the rules for decision. In FAMIS, the static or fixed conditions and relationships are associated with each transaction code and the table look-up for the index code which has all the directly related classifications (cost accounts, subactivity, activity, program, agency, function, character, object, secondary fund and primary fund). The variable classifications are the location or project number. When all of this data is brought together in the decision table, the programming for the system determines the funds involved, the accounts to be debited and credited, and what files are to be updated and how.

DEFERRED CHARGES. Expenditures which are not chargeable to the fiscal period in which made but are carried on the asset side of the balance sheet pending amortization or other disposition. An example is Discount on Bonds Issued.

Note: Deferred charges differ from prepaid expenses in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operations.

DEFERRED CREDITS. Credit balances or items which will be spread over the following accounting periods either as additions to revenue or as reductions of expenses. Examples are taxes collected in advance and premiums on bonds issued.

DEFICIT. (1) The excess of the liabilities and reserves of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of Enterprise and Intragovernmental Service Funds, the excess of expense over income during an accounting period.

DEPRECIATION. (1) Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a fixed asset which is charged as an expense during a particular period.

DETAIL CLASSIFICATION. The detail classification indicates the specific type of revenue or receipts collected from such sources as tax assessments or commodities sold. This classification relates how and for what purpose the revenues were collected.

DETAILED RECEIPTS. A subclassification for certain receipt accounts.

DIRECT EXPENSES. Those expenses which can be charged directly as a part of the cost of a product or service, or of a department or operating unit, as distinguished from

overhead and other indirect costs which must be prorated among several products or services, departments, or operating units.

DIRECT LABOR. The cost of materials which become an integral part of a specific manufactured product or which are consumed in the performance of a specific service.

DISBURSEMENT. Payment by check or in currency, or the settlement of accounts between funds through the Treasurer's accounts with adjustments in the fund equities. The term disbursement is not synonymous with expenditure. Only disbursements may be made for the payment of accounts payable which have been previously recorded as an accrued expenditure as well as for other transactions, such as the purchase of investments. These types of disbursements are not expenditures.

DOUBLE-CLASSIFIED ACCOUNTING. A synonym for matrix accounting, a method of accomplishing double-entry accounting. In this method, a transaction code is assigned to each transaction. The transaction enters the system only once, but consideration is still given to both sides of the general ledger structure.

ENCUMBRANCES. Obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are contingent or conditional charges, and do not represent costs, expenditures or assets. The amounts are offset in the account for Reserve for Encumbrances. They cease to be encumbrances when paid or when the actual liability is set up.

ENTRY. (1) The record of a financial transaction in its appropriate book of account. (2) The act of recording a transaction in the books of account.

ESTIMATED REVENUE. For revenue accounts kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period. For revenue accounts kept on a cash basis, the term designates the amount of revenue estimated to be collected during a given period. Under the modified accrual basis, estimated revenues for many governmental revenues will include both cash and accrual basis revenues.

EXPENDITURES. This term refers to the total outflow of funds represented by: (a) supplies, materials, and services received for current operations, regardless of when paid for or used; (b) payments in the form of subsidies, grants, welfare payments, and contributions for which no goods or services are received; (c) equipment and other assets received regardless of when paid; (d) payments for serving the debt, including interest and principal; and (e) transfers to other funds. This definition applies to all funds and to all outlay transactions.

Note: Encumbrances are not expenditures.

EXPENSES. Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges which are presumed to benefit the current fiscal period.

FISCAL PERIOD. Any period at the end of which a governmental unit determines its financial position and the results of its operations.

FISCAL YEAR. A twelve-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations.

FIXED ASSETS. Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FORCE ACCOUNT. A method employed in the construction and/or maintenance of fixed assets whereby a governmental unit's own personnel are used instead of an outside contractor.

FORFEITURE. The automatic loss of cash or other property as a punishment for not complying with legal provisions and as compensation for the resulting damages or losses.

FUNCTION CLASSIFICATION. A group of related programs aimed at accomplishing a major service of the government. The basic type of functions are governmentwide and cut across funds and organizational units. Examples of these functions are: protecting people and property; community environment and service; transportation and related services; culture, recreation and leisure time activities; economic development, opportunities and assistance; the business affairs of government.

FUND. An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. This definition includes the operating funds, the general fixed asset group of accounts, the general long-term debt group of accounts, and the Treasurer's pooled cash and temporary investments accounts. All have the same characteristics and the same accounting procedures, and the same EDP programs apply to all funds. For accounting purposes, the funds are classified as "primary" and "secondary" to further describe the roll of a fund in a particular transaction. The fund initiating the transaction or transfer is considered to be the primary fund and the fund being affected or receiving the transfer is considered to be the secondary fund.

FUND BALANCE. The excess of the assets of a fund over its liabilities and reserves, except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal



period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

FUND BALANCE RECEIPTS. Receipts which increase the fund balance of a fund but which are not properly included in current revenues. Examples are taxes and accounts receivable which had previously been written off as uncollectable.

FUND BALANCE SHEET. A balance sheet for a single fund.

FUND CLASSIFICATION. An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

GENERAL FIXED ASSETS. Those fixed assets of a governmental unit which are not accounted for in an Enterprise, Trust, Intra-Governmental Service Fund, or the Integrated Service Fund.

GENERAL LEDGER. A book, file, or other device which contains the accounts needed to reflect, in summary and in detail, the financial position and the results of financial operations of a governmental unit.

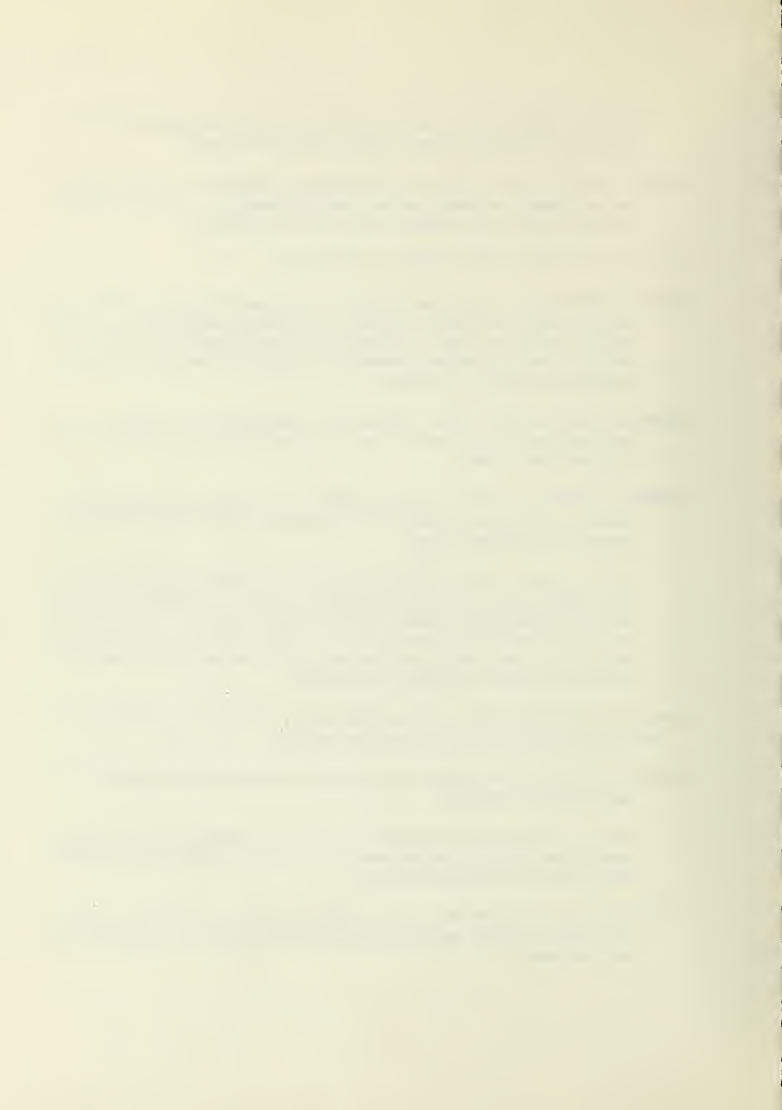
Note: In matrix accounting, files are kept for each transaction showing the account to be debited and the account to be credited. In preparing a trial balance, the system arrays the transactions according to the rows, columns and cells of a matrix in order to determine each account balance. All debit classifications for an account are added and all credit classifications are subtracted to determine the account balance. See definitions for matrix accounting and trial balance.

GENERAL LONG-TERM DEBT. Long-term debt legally payable from general revenues and backed by the full faith and credit of a governmental unit.

GENERAL REVENUE. The revenues of a governmental unit other than those derived from and retained in an enterprise.

Note: If a portion of the net income in an enterprise fund is contributed to another nonenterprise fund, such as the general fund, the amounts transferred constitute general revenue of the governmental unit.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governmental units and agencies.



GRANT. A contribution by one governmental unit to another unit. The contribution is usually made to aid in the support of a specified function (for example, education), but it is sometimes also for general purposes.

HASH TOTAL. An auxiliary total check on fields entered on the input transaction batch other than in the amount field. Such a total has no meaning other than as a check on the accuracy of the coding operations.

IMPREST SYSTEM. A system for handling minor disbursements whereby a fixed amount of money, designated as petty cash, is set aside for this purpose. Disbursements are made from time to time as needed, a receipt or petty cash voucher being completed in each case. At certain intervals, or when the petty cash is completely expended, a report with substantiating petty cash vouchers is prepared and the petty cash fund is replenished for the amount of disbursements by a check drawn on the appropriate fund bank account. The total of petty cash on hand plus the amount of signed receipts or petty cash vouchers at any one time must equal the total amount of petty cash authorized.

INCOME. A term used in accounting for governmental enterprises to represent the excess of revenues earned over the expenses incurred in carrying on the enterprise's operations. It should not be used without an appropriate modifier, such as "operating," "nonoperating," or "net."

Note: The term "income" should not be used in lieu of "revenue" in nonenterprise funds.

INDEX CODE. A unique code designed for convenience in referencing classification information for computer operations. It identifies the lowest cost or revenue classification. By means of a table look-up, the code is subsequently translated into the appropriate fund, type, character, object, function, program, group, department, division, activity, subactivity, and cost account structure. The index code, as well as the related classification structure, is made a part of the transaction file history record for each line input encoded on the coding sheet.

INPUT. Information provided to the system for processing.

INTERFUND ACCOUNTS. Accounts in which transactions between funds are reflected.

INTERFUND TRANSFERS. Amounts transferred from one fund to another.

INTERGOVERNMENTAL REVENUE. Revenue received from other governments in the form of grants, shared revenues, or payments in lieu of taxes.

INTERIM STATEMENT. A financial statement prepared before the end of the current fiscal year and covering only financial transactions during the current year to date.

INTERNAL AUDIT. An independent appraisal activity within a governmental unit which (a) determines the adequacy of the system of internal control; (b) verifies and safeguards assets; (c) checks on the reliability of the accounting and reporting system; (d) ascertains compliance with established policies and procedures; and (e) appraises performance of activities and work programs.

INTERNAL CONTROL. A plan of organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations. Thus, for example, an employee handling cash would not post the accounts receivable records. Moreover, under such a system, the procedures to be followed are definitely laid down and require proper authorizations by designated officials for all actions to be taken.

INTRAGOVERNMENTAL SERVICE FUND. A fund established to finance and account for services and commodities furnished by a designated agency to other agencies. Amounts expended by the fund should be restored thereto by reimbursements from other funds so that the original fund capital remains intact.

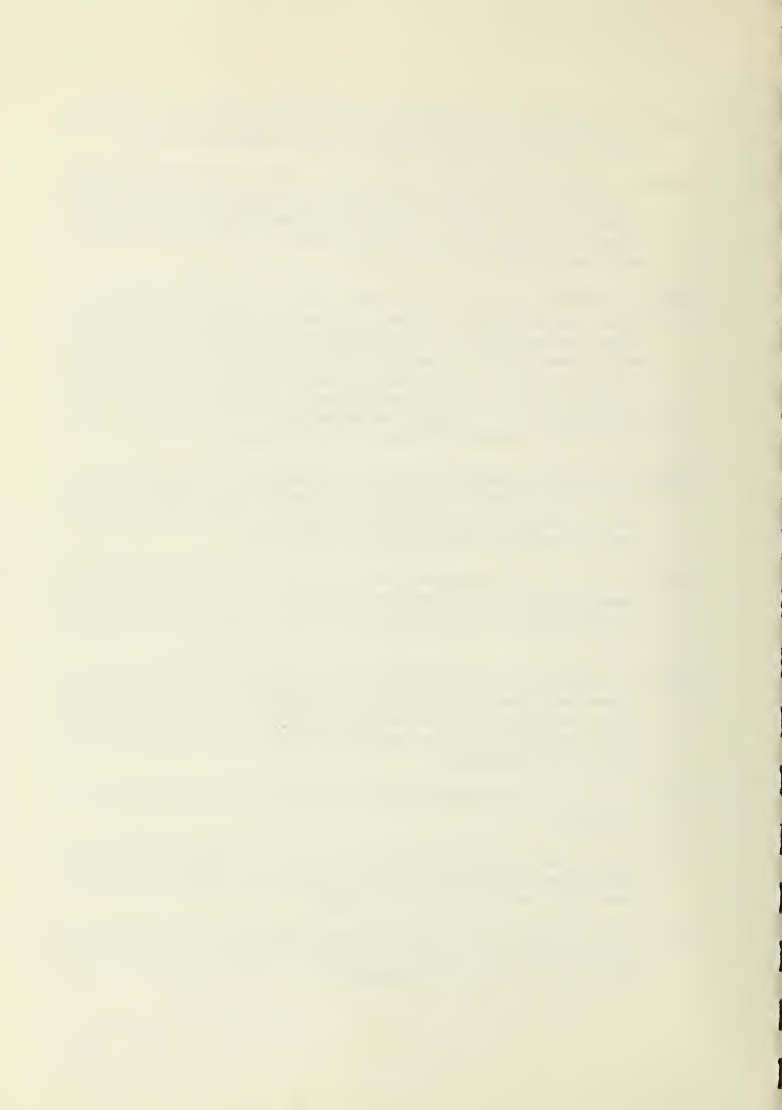
JOB ACCOUNT. An account pertaining either to an operation which occurs regularly (a "standing order") or to a specific piece of work (a "job order"), showing all charges for material and labor used and other expenses incurred, together with any allowances or other credits.

JOURNAL VOUCHER. A voucher provided for the recording of certain transactions or information in place of or supplementary to the journals or registers. The journal voucher usually contains an entry or entries, explanation, references to documentary evidence supporting the entry or entries, and the signature or initials of one or more properly authorized officials.

LAPSE. As applied to appropriations, this term denotes the automatic termination of an appropriation.

Note: Except for continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEVY. (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a governmental unit.



LIABILITIES. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

Note: The term does not include encumbrances.

LOCATION CLASSIFICATION. The location classification identifies a unit of operation carried out at different places. A location may refer to a separate fire station of the Fire Department, a separate library, or park. In some cases, units may be grouped under one code for budgeting and accounting purposes.

LONG-TERM DEBT. Debt with a maturity of more than one year after the date of issuance.

MAINTENANCE. The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

MATRIX ACCOUNTING. An application of matrix theory is used to replace double-entry bookkeeping. The rows in the matrix represent the debits to the accounts and the columns represent the credits. Each transaction is doubly classified and corresponds to a cell in the matrix. Although a matrix as such is not used in the computerized system, the system can arrange the doubly classified transactions indexed by the applicable row and column notations to determine the general ledger account balances. A matrix when considered as a whole has no value, but like a trial balance, the value of the rows (debits) must equal the value of the columns (credits).

MODIFIED ACCRUAL BASIS. The basis of accounting under which expenditures other than accrued interest on general long-term debts are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for material and/or available revenues which should be accrued to reflect properly the taxes levied and the revenues earned.

NET INCOME. A term used in accounting for governmental enterprises to designate the excess of total revenues over total expenses for an accounting period.

NONEXPENDITURE DISBURSEMENTS. Disbursements which are not chargeable as expenditures; for example, a disbursement made for the purpose of paying off an account payable previously recorded on the books.

NONOPERATING EXPENSES. Expenses incurred for nonoperating properties or in the performance of activities not directly related to supplying the basic service by a governmental enterprise. An example of a nonoperating expense is interest paid on outstanding revenue bonds.

NONOPERATING INCOME. Income of governmental enterprises which is not derived from the basic operations of such enterprises. An example is interest on investments or on bank time deposits.

NONREVENUE RECEIPTS. Collections, other than revenue, such as receipts from loans where the liability is recorded in the fund in which the proceeds are placed, and receipts on account of recoverable expenditures.

OBJECT. As used in this manual, the term object refers to the general type of item purchased or services obtained, as distinguished from the results obtained from the expenditures, the purpose, or reason for the expenditure. The purposes or reasons for the expenditures are reflected in the cost classifications which are specifically tailored for each agency and activity. The object classes are governmentwide, such as regular salaries, supplies, contractual services, etc.

OBLIGATIONS. Amounts which a governmental unit may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

OPERATING BUDGET. A detail of the annual appropriations made to an agency for operating expenses. The operating budget is presented within the structure of an agency's programs, the activities and subactivities, and cost accounts. The operating budget supports the appropriation which, in turn, specifies limiting amounts by classification of expenditure. The operating budget at the cost account level is an estimate of costs and does not legally limit the expenditures to the estimated costs.

OPERATING EXPENSES. (1) As used in the accounts of governmental enterprises, the term means those costs which are necessary to the maintenance of the enterprise, the rendering of services, the sale of merchandise, the production and disposition of commodities produced and the collection of enterprise revenues. (2) The term is also sometimes used to describe expenses for general governmental purposes.

OPERATING INCOME. Income of a governmental enterprise that is derived from the sale of its goods and/or services.

OPERATING REVENUES. Revenues derived from the operation of governmental enterprises of a business character.

OPERATING STATEMENT. A statement summarizing the financial operations of a governmental unit for an accounting period as contrasted with a balance sheet which shows financial position at a given moment in time.

ORDINANCE. A formal legislative enactment by the governing body of certain local governmental units which has the full force and effect of law.

ORGANIZATION. A department, board, authority, other independent establishment, or any organizational subdivision thereof, for which a separate operating budget is prepared. An agency has two basic characteristics — it receives an appropriation and it is furnished reports on the operations for which it is responsible.

ORIGINAL DOCUMENT. The document which is the source used to encode an input transaction. The number of original document references the amount associated with the document in the system. An example of an original amount is an encumbrance for purchase orders or an amount of contract authorization for contracts. The number must be unique to the system on the initial transaction; subsequent activity against the document (as payments on a purchase order) must refer to this document number through the document reference number field on the input transaction form.

OUTSTANDING ENCUMBRANCES. Encumbrances outstanding.

OVERDRAFT. (1) The amount by which checks, drafts, or other demands for payment on the treasury or on a bank exceed the amount of the credit against which they are drawn. (2) The amount by which requisitions, purchase orders, or audited vouchers exceed the appropriation or other credit to which they are chargeable.

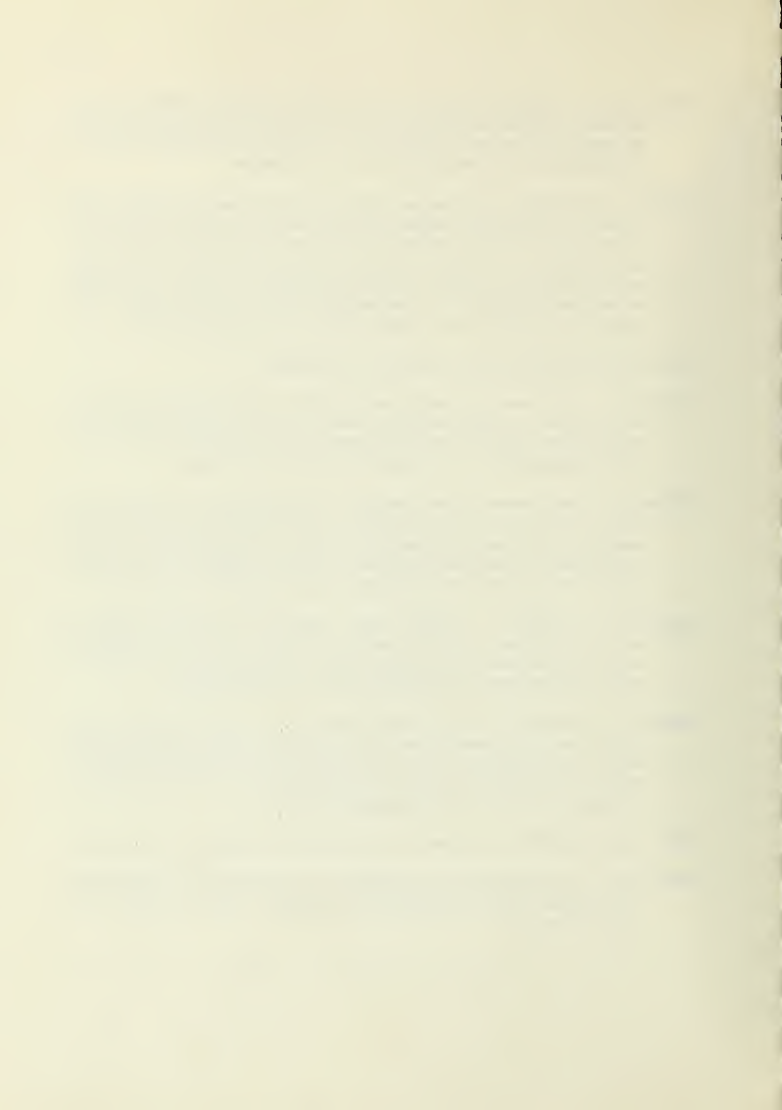
OVERHEAD. Those elements of cost necessary in the production of an article or the performance of a service which are of such a nature that the amount applicable to the product or service cannot be determined accurately or readily. Usually, they relate to those objects of expenditures which do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, supervision, etc.

PERFORMANCE BUDGET. A budget wherein expenditures are based primarily on measurable performance of activities and work programs. A performance budget may also incorporate other bases of expenditure classification, such as character and object, but these are given a subordinate status to activity performance.

PERPETUAL INVENTORY. A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided as to provide a running record of goods offered, received, and withdrawn, and the balance on hand in units and, frequently, also in value.

PETTY CASH VOUCHER. A voucher used to record individual disbursements of petty cash.

POST-AUDIT. An audit made after the transactions to be audited have taken place and have been recorded or have been approved for recording by designated officials if such approval is required.



PRE-AUDIT. An examination for the purpose of determining the propriety of proposed financial transactions and financial transactions which have already taken place but which have not yet been recorded or, if such approval is required, before the approval of the financial transactions by designated officials for recording.

PREPAID EXPENSES. Expenses entered in the accounts for benefits not yet received. Prepaid expenses differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid expenses are prepaid rent, prepaid interest, and premiums on unexpired insurance. An example of a deferred charge is unamortized discounts on bonds sold.

PRIMARY FUND. See definition of Fund.

PRO FORMA. For form's sake; an indication of form; an example. The term is used in conjunction with a noun to denote merely a sample form, document, statement, certificate or presentation, the contents of which may be either wholly or partially hypothetical, actual facts, estimates or proposals.

PROGRAM BUDGET. A budget wherein expenditures are based primarily on programs of work and secondarily on character and object. A program budget is a transitional type of budget between the traditional classification of expenditure and object budget, on the one hand, and the performance budget, on the other. The program classification indicates the type of services provided. The purpose of this classification is to show an agency's contribution to a function or the basic service of a governmental unit.

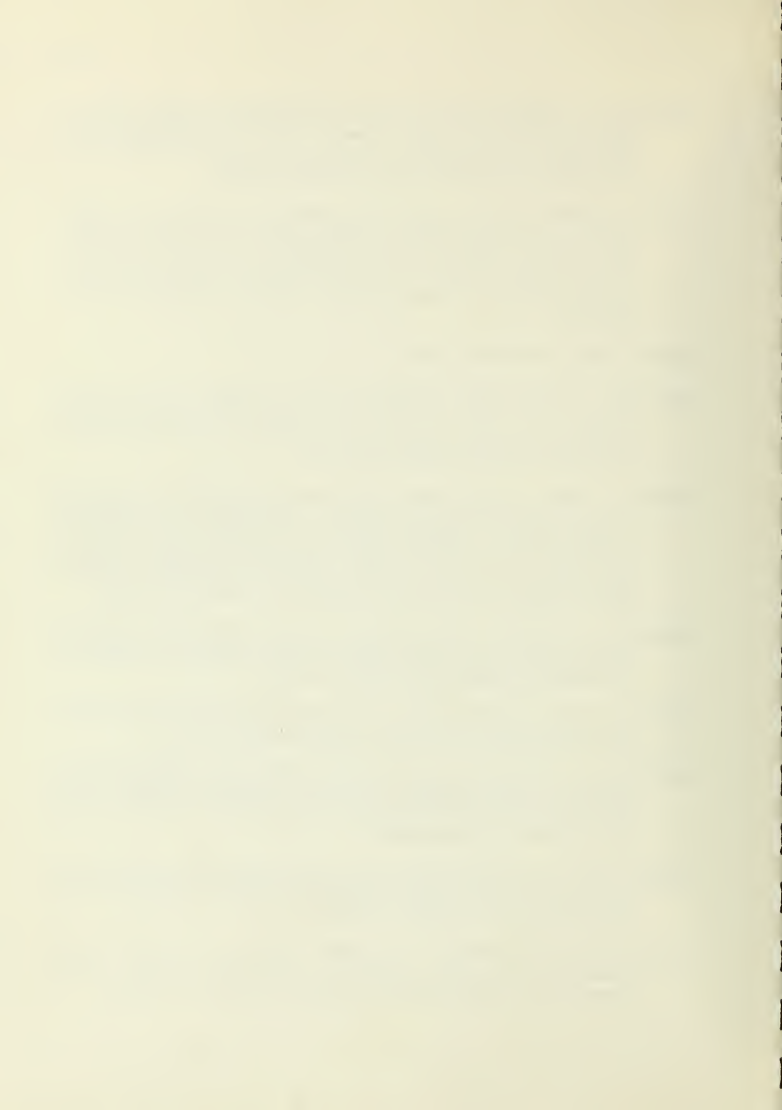
PROPRIETARY ACCOUNTS. Those accounts which show actual financial position and operations, such as actual assets, liabilities, reserves, fund balances, revenues and expenditures, as distinguished from budgetary accounts.

PURCHASE ORDER. A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

RECEIPTS. This term refers to the total inflow of funds, which include (a) revenues applicable to current operations, such as taxes, assessments and other income; (b) proceeds from the sale of fixed assets; (c) proceeds from bond debt sales; and (d) transfers from other appropriations.

REFUND. (Noun) An amount paid back or credit allowed because of an overcollection or on account of the return of an object sold. (Verb) To provide for the payment of a loan through cash or credit secured by a new loan.

REIMBURSABLE EXPENDITURE. An expenditure made for or on behalf of another governmental unit, fund or department; or for a private individual, firm or corporation which will subsequently be recovered in cash or its equivalent.



REIMBURSEMENT. Cash or other assets received as a repayment of the cost of work or services performed or of other expenditures made for or on behalf of another governmental unit or department or for an individual, firm or corporation.

REPORT. (Noun) A written or verbal formal statement. (Verb) To make, prepare, or present a written or verbal formal statement.

RESERVE. An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

RESOURCES. The actual assets of a governmental unit, such as cash, taxes receivable, land, buildings, etc., plus contingent assets such as estimated revenues applying to the current fiscal year not accrued or collected and bonds authorized and unissued.

RETAINED EARNINGS. The accumulated earnings of an Enterprise or Intragovernmental Service Fund which have been retained in the fund and which are not reserved for any specific purpose.

REVENUE. For those revenues which are recorded on the accrual basis, this term designates additions to assets which (a) do not increase any liability; (b) do not represent the recovery of an expenditure; (c) do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets; and (d) do not represent contributions of fund capital in Enterprise and Intragovernmental Service Funds. The same definition applies to those cases where revenues are recorded on the modified accrual or cash basis, except that additions would be partially or entirely to cash.

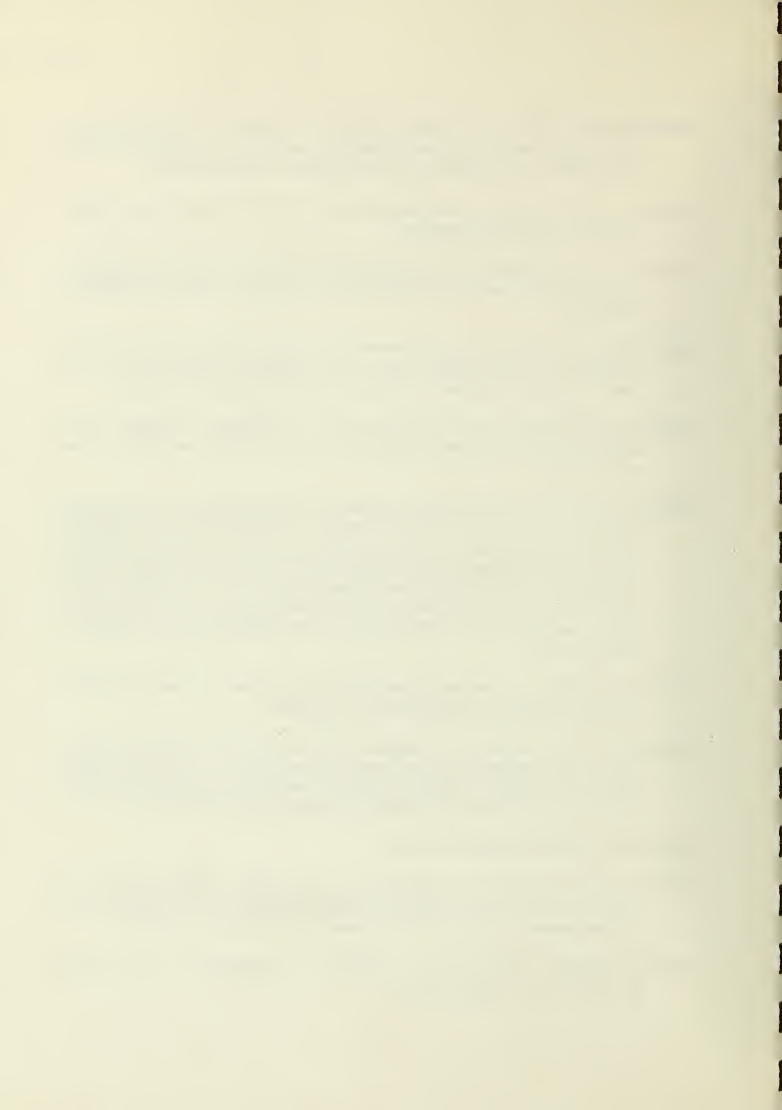
REVENUE RECEIPTS. A term used synonymously with "revenue" by some governmental units which account for their revenues on a "cash basis."

SCHEDULES. (1) The explanatory of supplementary statements that accompany the balance sheet or other principal statements periodically prepared from the accounts. (2) The accountant's or auditor's principal workpapers covering his examination of the books and accounts. (3) A written enumeration or detailed list in orderly form.

SECONDARY FUND. See definition of Fund.

SELF-BALANCING GROUP OF ACCOUNTS. An independent self-balancing group of accounts which is set up to account for either the fixed assets or the long-term debts of a governmental unit which are not accounted for in its individual funds.

SHARED REVENUE. Revenue which is levied by one governmental unit but shared, government or class of governments.



SINGLE PIECE OF TRANSACTION DATA. A single line on the Transaction Coding Form. Each line consists of a unique set of classifications and corresponds to one transaction. Therefore, if a document has more than one classification for any one field, for instance, different object classes, a separate line must be used for each classification.

SINGLE TRANSACTION PROCESSING. The recording of each distinct action or event as a single entry transaction together with all the related classifications, including the general ledger accounts debited and credited. The single transaction retains its identity in the system and is used for updating all the files and for preparing reports on different bases. By means of matrix accounting, the single transactions are translated into the conventional double-entry system of general ledger accounts and supporting subsidiary accounts.

STANDARD COST. The predetermined cost of performing an operation or producing a product when labor, materials, and equipment are utilized efficiently under reasonable and normal conditions.

Note: Normal conditions exist when there is an absence of special or extraordinary factors affecting the quality or quantity of the work performed, or the time or method of performing it.

STATEMENTS. Used in a general sense, statements are all of those formal written presentations which set forth financial information. (1) In technical accounting usage, statements are those presentations of financial data which show the financial position and the results of financial operations of a fund, a group of accounts, or an entire governmental unit for a particular accounting period.

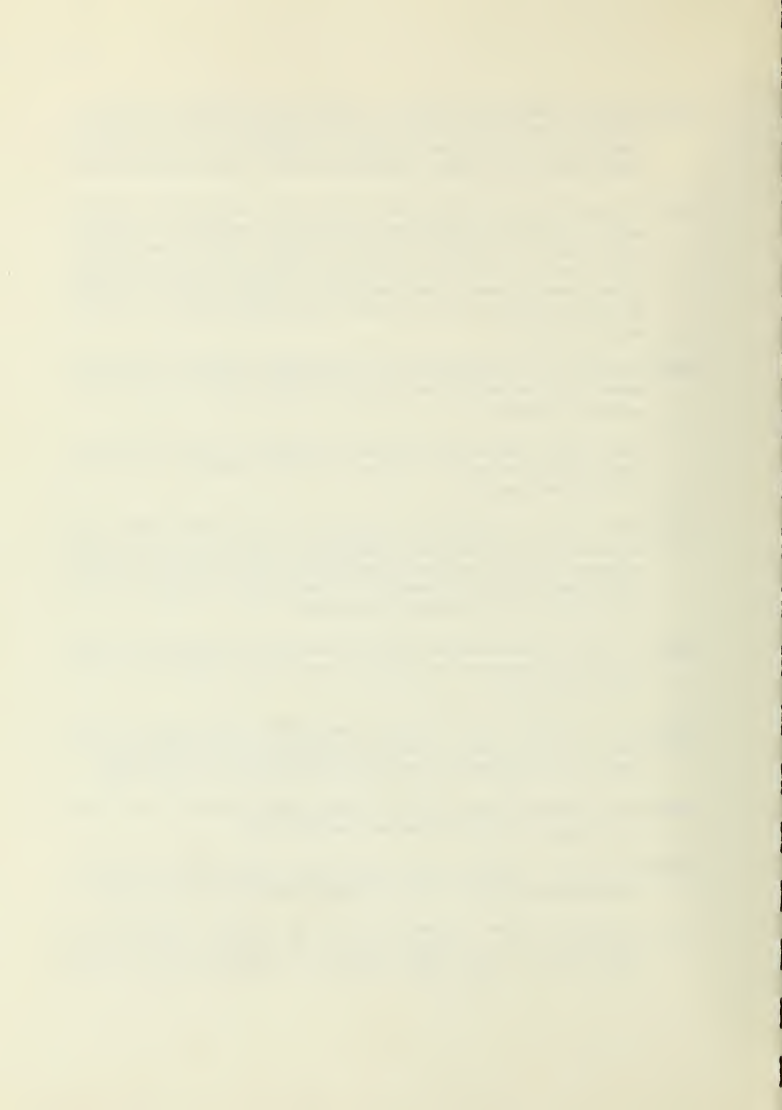
SUBACTIVITIES. Activities established under the major type of work performed to provide more specific information on the different types of work. A subactivity is a further analysis of an activity.

SUBSIDIARY ACCOUNT. One of a group of related accounts which support in detail the debit and credit summaries recorded in a control account. An example is the individual property taxpayers' accounts for taxes receivable in the general ledger.

SUBSIDIARY LEDGER (FILE). A group of subsidiary accounts, the sum of the balances of which is equal to the balance of the related control account.

SUSPENSE ACCOUNT. An account which carries charges or credits temporarily, pending the determination of the proper account or accounts to which they are to be posted.

TABLE LOOK-UPS. Further information stored in the computer which relates to a classification code, i.e., a transaction code or index code. For example, the index code, which is a unique number assigned to a cost account, has the following



information stored in the computer which is accessed by a table look-up: primary fund, secondary fund, type, classification of expenditure, object, function, program, department, division, activity, subactivity, and the actual code for the cost account.

TAX ROLL. The official list showing the amount of taxes levied against each taxpayer or property. Frequently, the tax roll and the assessment roll are combined, but even in these cases the two can be distinguished.

TAXES. Compulsory charges levied by a governmental unit for the purpose or financing services performed for the common benefit.

Note: The term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TEST CHECK. The checking of selected items on the assumption that they are representative of the entire group from which selected. If no errors are found in the group of selected items, the unchecked items in the group are considered to be correct.

TRANSACTION. An event, action or condition which gives rise to an entry in the accounting records. Expressed in money amounts, a transaction as conceived by the accountant is equality between *credits* and *debits*, the former representing the sources, the latter representing the immediate identification and disposition. The sources may be a disbursement of cash, credit extended by a supplier, or revenues received. The disposition debit may be an asset acquired or an operating expenditure. A transaction arising as the result of a relation with an outside person, firm or government organization is an external transaction. A transaction arising from the expiration of costs or adjustments to allocate revenues and receipts is an internal transaction. The time for recording a transaction is dependent on the occurrence of the event or the existence of certain conditions, such as the customary timing of its recognition, ascertainment of the money amounts involved, a determination of the accounts affected, and an administrative review of the adequacy of referable supporting data serving as evidence. These decisions are a vital part of the daily routine on which the mechanics of the accounting depend. See definitions for "doubly classified transactions" and "matrix accounting."

TRANSACTION CODE. A code assigned to each transaction input which is used by the computer to identify the general ledger accounts to be debited and credited, which files are updated by the transaction, and which files are edited within the transaction.

TREASURER'S ACCOUNTS. The Treasurer's accounts constitute a separate accountability containing the pooled cash for all funds.



TRIAL TABLE. A list of the balances of the general ledger accounts for a fund. The accounts determined from the doubly classified transactions which are kept in the computer files on a cumulative basis. Although an actual matrix is not used in the system, the doubly classified transactions are manipulated to correspond to the rows, columns and cells of a matrix. The rows represent the debit side and the columns represent the credit side of the accounts. Each doubly classified transaction is assigned to the cell where the debited account number intersects the credited account number. A matrix has no value when considered as a whole, but, as in a trial balance, the sum of the rows equals the sum of the columns. To determine the balance of an account, the value of a row for a particular account number is added and the value of the column is subtracted. The trial balance shows in columnar form the following information for each general ledger account:

1. Account Number
2. Title of Account
3. Balance, start of period, debit or credit
4. Debit transactions during year
5. Credit transactions during year
6. Balance, end of period, debit or credit.

In matrix accounting, the debits and credits of each of the funds are always in balance. See definitions for "matrix accounting" and "general ledger."

TYPE CLASSIFICATION. Relates expenditures and receipts as to annual appropriation, continuous appropriation or nonappropriated.

UNAPPROPRIATED BUDGET SURPLUS. Where the fund balance at the close of the preceding year is not included in the annual budget, this term designates that portion of the current fiscal year's estimated revenues which has not been appropriated. Where the fund balance of the preceding year is included, this term designates the estimated fund balance at the end of the current fiscal period.

UNENCUMBERED APPROPRIATION. That portion of an appropriation not yet expended or encumbered.

UNEXPENDED APPROPRIATION. That portion of an appropriation which has not been expended.

UNIT COST. A term used in cost accounting to denote the cost of producing a unit of product or rendering a unit of service; for example, the cost of treating and purifying a thousand gallons of sewage.



VARIABLE CLASSIFICATION. A classification that may vary with the fixed classifications in the accounting structure. The variable classifications are the locations, the character, object classes and the subsidiary ledger.

VOUCHER. A written document which evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

VOUCHER SYSTEM. A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry, known as a voucher register, in the order in which payment is approved.

VOUCHERS PAYABLE. Liabilities for goods and services evidenced by vouchers which have been preaudited and approved for payment but which have not been paid.

WORK IN PROGRESS. The cost of partially completed products manufactured or processed, such as partially completed printing jobs. Sometimes referred to as "work in progress."

WORK ORDER. A written order authorizing and directing the performance of a certain task and issued to the person who is to direct the work. Among the items of information shown on the order are the nature and location of the job, specifications of the work to be performed, and a job number which is referred to in reporting the amount of labor, materials and equipment used.

WORK PROGRAM. A plan of work proposed to be done during a particular period by an administrative agency in carrying out its assigned activities.

WORK UNIT. A fixed quantity which will consistently measure work effort expended in the performance of an activity or the production of a commodity.

